STAFFING REDUCTIONS, SERVICE DELIVERY, AND MANAGEMENT OF THE SOCIAL SECURITY ADMINISTRATION

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

FIRST SESSION

APRIL 2, 1987

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STAFFING REDUCTIONS, SERVICE DELIVERY, AND MANAGEMENT OF THE SOCIAL SECURITY ADMINISTRATION

THURSDAY, APRIL 2, 1987

House of Representatives,
Committee on Ways and Means,
Subcommittee on Social Security,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room B-318, Rayburn House Office Building, Hon. Andy Jacobs, Jr. (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
THURSDAY, MARCH 19, 1987

SUBCOMMITTEE ON SOCIAL SECURITY #3
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-3627

ANDY JACOBS, JR. (D., IND.), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A HEARING ON STAFFING REDUCTIONS, SERVICE DELIVERY, AND MANAGEMENT OF THE SOCIAL SECURITY ADMINISTRATION

Andy Jacobs, Jr. (D., Ind.), Chairman of the Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will conduct a hearing on staffing reductions, service delivery, and management of the Social Security Administration (SSA). Specifically, the Subcommittee will review the SSA's objective of reducing agency staffing levels by 3,925 positions in FY 1988 (as part of its goal of eliminating 17,000 positions in the years 1995 through 1990), and the agency's progress in modernizing its computer systems. In addition the hearing will focus on a recently released General Accounting Office (GAO) report on the major management and administrative problems that currently confront SSA and that must be addressed to restore a high level of performance to the agency. The hearing will be held on Thursday, April 2, 1987, in room B-318 Rayburn House Office Building, beginning at 10:00 a.m.

The Subcommittee will receive testimony from the Administration, the GAO, and interested public witnesses.

Issues

The Subcommittee hearings will focus on several general questions, which include:

1. Is SSA able to maintain an adequate level of service to the public while continuing to substantially reduce staffing levels?

2. How successful has SSA been in its systems modernization effort, and to the extent there have been improvements, do they justify personnel reductions?

3. What are the major service delivery problems in SSA at present (e.g., phone service, waiting times, payment accuracy, etc.)?

4. What are the most significant management problems that confront the agency, particularly with respect to the formulation of long-range policy?

5. What is the condition of SSA's work force with regard to morale, performance, and training?

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD:

Requests to be heard must be made by telephone to Harriett Lawler [telephone (202) 225-3627] by the close of business Thursday, March 26, 1987. In order to facilitate scheduling, requests should indicate the specific issues which the witness wishes to address and the relative priority of each issue if more than one issue is indicated. The request should be followed by a formal written request addressed to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, room 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee staff [(202) 225-9263].

In view of the limited time available to hear witnesses, the Subcommittee may not be able to accommodate all requests to be heard. Those persons and organizations not scheduled for an oral appearance are encouraged to submit written statements for the record of the hearing. All persons requesting to be heard, whether they are scheduled for oral testimony or not, will be notified as soon as possible after the filing deadline.

Witnesses scheduled to present oral testimony are requested to briefly summarize their written statements in no more than five minutes. THE FIVE-MINUTE RULE WILL BE STRICTLY APPLIED. The full statement will be included in the printed record.

In order to assure the most productive use of the limited amount of time available to question hearing witnesses, witnesses scheduled to appear before the Subcommittee are required to submit 100 copies of their prepared statements to the Subcommittee on Social Security office, room B-316 Rayburn House Office Building, at least 24 hours in advance of their scheduled appearances. Failure to do so may result in the witness being denied the opportunity to testify in person.

WRITTEN STATEMENT IN LIEU OF PERSONAL APPEARANCE:

Persons submitting written statements in lieu of a personal appearance should submit six (6) copies of their statements by the close of business Thursday, April 16, 1987, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, room 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing a written statement for the record of the printed hearing wish to have their statement distributed to the press and the interested public at the hearing, they may provide 75 additional copies for this purpose to the Subcommittee office, room B-316 Rayburn House Office Building, during the course of the public hearing.

SEE ENCLOSED FORMATTING REQUIREMENTS.

* * * * * * * * * * *

Chairman JACOBS. Our hearing is on the efficiency or lack thereof, probably some of each, in the Social Security Administration.

Ms. Hardy, you may proceed in your own fashion.

STATEMENT OF HON. DORCAS R. HARDY, COMMISSIONER OF SOCIAL SECURITY, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY HERBERT R. DOGGETTE, JR., DEPUTY COMMISSIONER FOR OPERATIONS; AND NELSON J. SABATINI, DEPUTY COMMISSIONER FOR MANAGEMENT

Commissioner HARDY. Thank you, Mr. Chairman. It is a pleasure to be here.

We have submitted a formal statement for the record. I would like to take the opportunity to summarize that.

I am accompanied this morning by Herb Doggette, Deputy Commissioner for Operations, and Nelson Sabatini, Deputy Commissioner for Management.

I am pleased to be here today to discuss the administration of the Social Security program and SSA's service to the public. My goal as Commissioner is to help the Social Security Administration continue and improve its admirable record for providing responsive public service, as well as efficient and effective administration and management.

Now, there are several basic ingredients to accomplishing this goal, and these have been set as my priorities for the Social Security Administration.

These priorities are to maintain the fiscal integrity of Social Security, to provide the best service that we can to the public, to improve the way that we manage our programs, to use the most appropriate technology that is available to us, to recognize and support the vital role of our employees and to educate the public and improve public confidence in Social Security.

The priorities which I established last June closely match the issues on which this hearing focuses. First, your subcommittee asked about maintaining the level of service to the public, and I am committed to not just maintaining but improving SSA's service to the public. In fact, our performance is significantly better today than it was just 5 years ago.

With the help of systems modernization and streamlined procedures, SSA has eliminated backlogs and now provides quicker and more accurate service to beneficiaries. And, as a result of increased efficiency, we have also been able to reduce processing times for retirement and survivors' claims, and post entitlement changes are made in just hours rather than days or weeks. And major cyclical workloads, such as earnings postings and recomputation of benefits are processed in a fraction of the time that it took a few years ago.

Even a recent GAO report indicates that 80 percent of SSA's clients view our service as good to very good.

Several charts are attached to my formal statement for the record, which show the magnitude of some of the service improvements that we have achieved, and the results of client surveys.

A second area in which the subcommittee expressed interest is SSA's systems modernization effort. The new GAO management review report of Social Security discusses the difficulties the agency has experienced in the systems modernization area, particularly in software development. And I can report that we have already made a number of strides in this area. For example, to increase our management control over the systems modernization effort, we now have uniform software engineering standards for our personnel. We have also initiated procedures that closely control changes to our hardware and our software systems.

Additionally, we strengthened our systems' integration which will allow us to better control the more than 200 separate initiatives that are involved in our modernization efforts.

Mr. Chairman, I sincerely believe that significant further improvement in SSA's overall management is possible if we have the vision and the will to work toward it.

In this regard, the GAO management review is extremely timely, and the purpose of the review was to identify our management problems that need to be addressed to assure the continued delivery of high quality public service. This report already has been helpful.

GAO believes that SSA needs both strong and stable leadership and better planning for the future. I agree.

One way to help us achieve this ability is through a structured and definitive strategic plan to provide the vision and direction that will guide the agency into the future. And to this end, I have established an Office of Strategic Planning reporting directly to me. They are responsible for developing a 10- to 15-year strategic plan which is intended to provide a dynamic framework for shaping our future rather than reacting to it.

GAO's management review further pointed out the need for SSA to improve its financial management. I agree and have begun to address this recommendation by appointing an SSA Chief Financial Officer to serve as the focal point for financial management and to strengthen our accounting and internal control mechanisms.

Another of the subcommittee's interests is service delivery. Currently we are trying to find ways of making services more easily available by pursuing several of the following ideas: making appointments in Social Security offices; experimenting with extended office hours to accommodate those of us who find it inconvenient to conduct business during the regular working hours; and promoting the use of the telephone as an option to walk-in office visits.

And the last subject to be addressed, I believe, in this hearing is SSA's work force, and it was also discussed in GAO's management review which identified the need for better work force management.

GAO noted that many SSA managers and employees expressed satisfaction with their jobs and demonstrated a high degree of commitment to SSA's mission.

GAO also said that SSA has recognized the value of providing a favorable work climate, but has not been as aggressive as they should be in producing it. I am not totally convinced of that particular conclusion, but SSA's employees are our strongest asset, and their abilities and dedication are essential for all of us to meet our goals. Improving and maintaining a quality work force and a favorable work environment are clearly among my highest priorities. At the same time, we will all continue to be responsive to the public, to the very modern public.

Right now, employees are worried about the effect of systems modernization and staffing reductions on their jobs. I understand that concern. However, SSA must continue its transition from a manual paper-dominated environment to the one where automated systems and advanced communications technology will allow us to provide quicker and more accurate service in the broadest sense of that word with a smaller work force.

I am committed to helping employees adjust to the new environment with the least possible stress and, most important, doing that without any reduction in force.

I know there is still a great deal of work that is needed to achieve our goals. I believe our plans are well conceived and will succeed in improving public service and increasing productivity.

I certainly hope to receive your assistance in this regard and look forward to working with the Congress as we strive to make SSA more effective and efficient in serving the public.

This concludes my statement, Mr. Chairman. We will be glad to answer any questions you may have.

[The prepared statement follows:]

STATEMENT OF DORCAS R. HARDY, COMMISSIONER OF SOCIAL SECURITY

Mr. Chairman and Members of the committee:

I am pleased to appear before you today to discuss the administration of the Social Security program and SSA's service to the public. SSA has an admirable record of administrative excellence and service. My goal as Commissioner is to help the Social Security Administration continue, and improve, its record for providing responsive public service as well as efficient and effective administration and management.

I believe that there are several basic ingredients to accomplishing this goal, and I have established them as my priorities for the Social Security Administration.

o We must maintain the fiscal integrity of the Social Security programs. Virtually every American worker is investing in, and has a vested interest in, Social Security. It must remain in strong financial condition.

o We must continue to provide the best service to our beneficiaries across the country. The American people whose lives we touch deserve prompt, courteous and efficient service, and fair and dignified treatment. I am committed to maintaining high standards in the quality and level of services.

o We should use the best technology available to administer the Social Security programs. A priority of mine is to continue the effort to modernize SSA operations and thereby improve SSA's ability to serve its clients.

o We need to recognize and support the vital role of SSA employees as they continue to maintain one of the highest standards of service in the Government. SSA is fortunate in having highly skilled and committed career civil servants--a "family" of workers justly proud of their achievements and dedicated to their mission.

o We should emphasize education of the public so that people understand what they can expect from Social Security. In the recent past, there has been a great deal of concern about the future of Social Security--and steps have been taken to ensure its sound future. But the program requires a high level of public confidence and trust, which can only be built on knowledge. We need to educate workers about their benefits and responsibilities under the system, as well as assure current beneficiaries that their benefits will continue to be paid.

Mr. Chairman, in regard to SSA's service to the public, I want to stress my commitment to maintaining SSA's reputation of providing high-quality service today and as we approach the 21st century. At the same time, in our effort to maintain the integrity of the Social Security trust funds, it is incumbent on the Social Security Administration to minimize the administrative costs of the program. I believe that the goals of high-quality service and efficient administration can be accomplished today and in the future through sound overall management and planning. Significant improvements in public service, systems modernization and work processes have already been achieved and we are on the verge of realizing even greater efficiency and service improvements with the national implementation of the Modernized Claims System. I would like to describe where the agency is today and then look at the challenges ahead.

Improvements in Service Delivery and Work Processing

SSA's performance in getting its work done and serving the public is significantly better today than it was 5 years ago, when the agency was threatened as never before with enormous backlogs and delays in processing work. With the help of systems modernization and streamlined processes and procedures, SSA has eliminated its work backlogs and now provides quicker, more accurate service to beneficiaries. Today, processing times are better than they have ever been and payment accuracy for retirement and survivors claims is 99.6 percent. Postentitlement changes are made to master beneficiary records in just hours, rather than days or weeks. And, major cyclical workloads--such as earnings postings, recomputations of benefits to include additional earnings and cost-of-living increases--are processed in a fraction of the time it took a few years ago.

I would like to mention some of the key improvements to you now. Several charts are attached to my written statement which show the magnitude of some of these improvements.

- Average processing time for retirement and survivors initial claims is 20 days, down from 24 days in 1984.
- Average processing time for SSI aged claims is 11 days, down from 15 days in 1984.
- Posting of 1985 earnings was completed in just 7 months while 1983 postings took 10 months and 1980 postings took 15 months.
- Computer response time in offices dealing with the public has been reduced from 20 to 30 seconds much of the time in the past to 5 seconds, thereby providing the public with quicker responses to inquiries.
- Local field offices have been given immediate online access to information in the SSA data files, resulting in the ability to provide more accurate information to the public and to improve the processing of claims and post eligibility workloads. This means that a local office can now immediately search SSA's records using an online terminal to locate a missing Social Security number, for example, or to provide a summary of a client's earnings history.
- The time required to make emergency payments has been reduced from 13 days to 5 days.
- Social Security cards are now issued in just 10 days, where it used to take 6 weeks.

Other indirect systems improvements have increased efficiency, lowered costs, reduced reliance on staff-intensive manual processes and provided SSA with some of the modern tools it needs to do its job, both today and into the future.

In February we also began nationwide implementation of our Modernized Claims System (MCS). Prior to MCS, putting a new benefit claim into the computer system involved four people: the interviewer who completes a paper application form; the clerk who creates a paper-log control; the data reviewer who prepares a coded data entry sheet; and the teletypist who keys the information into the computer system. Under the new system, one person--the interviewer--can efficiently put the claim into the computer system using a computer terminal on his or her desk. An average of about 50 field offices each month will be converted to MCS, and by the end of next year all field offices will be operating under the new system. We expect this new claims process to improve service and reduce staffing requirements. It is through such use of new technology to work "smarter" that we are convinced we can continue to improve service and productivity.

In addition to systems improvements, we are working to increase productivity and service by continuing to improve our procedures and work processes. For example, we have improved the way we select SSI cases for eligibility redeterminations. As a result we can reduce resources devoted to this workload without adversely affecting SSI payment accuracy and can reduce the number of SSI recipients who are required to undergo a lengthy personal interview every year. We have also expanded the district office final authorization of initial retirement, survivors and disability claims. This decreases the number of claims referred to our program service centers and speeds up payment of benefits.

Mr. Chairman, while SSA is justifiably proud of these improvements, I want to mention another measure of the progress SSA has made--the marks the public gives the agency. A 1984 General Accounting Office (GAO) survey of the public found that 78 percent of those who have dealt with SSA rate the service as "good to very good." Eighty-nine percent of our clients said that SSA employees were courteous in serving them, and more than half of those surveyed rated SSA's service as better than they received from any other government agency.

A recently issued GAO report shows that in a client survey in November 1986, 80 percent of SSA's clients view our service as "good to very good." The positive ratings on employee courtesy and the comparison with other agencies were also up slightly. We understand also that GAO's survey of SSA employees and managers found that about 90 percent of both groups said that the service SSA provides is the same or better than 3 years earlier. We have agreed that SSA needs to monitor periodically the public's opinion of the service we deliver, and we are now in the contracting phase of SSA's first client satisfaction survey. We fully expect that the results of this survey will indicate, as have the GAO surveys, that SSA is continuing to improve the service it provides to the public. Attached to my testimony is a chart showing these client ratings.

Management Initiatives

Mr. Chairman, SSA has made a dramatic improvement over the last 5 years in the areas I have mentioned. While we can take pride in what has been accomplished, I also believe that significant further improvement is possible if we have the vision and will to work toward it.

We clearly face significant challenges as we try to improve further SSA's overall management. In this regard, the management review of SSA just released by the General Accounting Office is extremely timely. The purpose of the review was to identify SSA management problems that must be addressed to assure the continued delivery of high-quality public service. I commend GAO for the work it did and I agree with the thrust of its findings. Now, let me comment on some of GAO's findings.

GAO believes that SSA needs both strong and stable leadership and better planning for the future. I agree. Much progress has been made in filling key management vacancies. An agency the size of SSA with such a critical role in the lives of the American people should have strong and stable leadership committed to developing and implementing a plan for the future.

One way to help SSA achieve this stability is through a broadly-based agreement on the long-term goals of the organization. To fulfill this key objective, we need to formulate a structured and definitive strategic plan to provide the vision and direction that will guide the Agency into the future. To this end, I have established an Office of Strategic Planning, reporting directly to me. This office will oversee the development of a 10-15 year strategic plan to guide SSA's development into the next century. The plan is intended to provide a dynamic framework for shaping SSA's future, rather than reacting to it. Our primary goal is the creation of a flexible operational and programmatic environment that provides a high level of efficient and responsive service to the public.

The strategic plan will integrate all of SSA's areas of concern, including systems, operations, policy, data utilization, organizational structure and staffing. For example, the processes for policy formulation, regulations and field instructions all need to be streamlined. Instructions need to be shortened and simplified and the quality of notices to our beneficiaries needs to be improved. We have taken the first steps in addressing these extremely important areas.

The GAO management report also describes a second management problem--the difficulties the agency has experienced in the systems modernization area, particularly in software development. Earlier I described some of the service improvements which resulted from successes in our systems modernization effort. At the same time I recognize that we have experienced problems with our progress in updating software. Other agencies have also experienced major problems in this area, and given the massive size and complexity of systems supporting Social Security operations, the challenge is especially great.

I can report that we have already made a number of strides in this area. For example, to increase our management control over the systems modernization effort we have developed and put in place uniform software engineering standards for systems personnel to use as they develop and maintain modernized systems. At the same time, we initiated procedures that closely control changes to our hardware and software systems and ensure that our prescribed software engineering practices and standards are used and enforced.

Additionally, we have strengthened the systems integration function to reflect an increased level of effort and emphasis. Improved integration will allow us to better control the hundreds of separate initiatives involved in our modernization efforts to give us better overall management and accountability. Collectively, these initiatives promote more effective management and control on a routine basis of the development and implementation of our modernization program. Finally, our long-range agency planning efforts will integrate systems modernization with the overall agency plans.

GAO's management review further pointed out the need for SSA to improve its financial management. I agree, and have begun to address this recommendation by appointing an SSA Chief Financial Officer to serve as the focal point for financial management and strengthening our accounting and internal control mechanisms.

The final GAO finding I want to discuss is the need for better workforce management. GAO noted that many SSA managers and employees expressed satisfaction with their jobs and demonstrated a high degree of commitment to SSA's mission and its most important value--providing high-quality service to the public.

GAO also said that SSA has recognized the value of providing a favorable work climate but has not been aggressive enough in producing it. It is very clear to me that SSA's employees are our strongest asset and that their abilities and dedication are essential for SSA to meet its goals. This employee dedication and concern for those we serve are the major reasons the public has expressed satisfaction with the service SSA provides. Improving and maintaining a quality workforce and a favorable work environment are among my highest priorities.

I want our employees to work in modern and professional offices, such as our M Street office in Washington, where the public is served in a comfortable, yet business-like environment. Our employees deserve modern tools to do their jobs, and we are providing those tools and the training on how to use them. We have also increased the amount of funds available to award employees for high-quality performance.

Mr. Chairman, SSA is clearly in transition from a manual, paper-dominated environment to one where automated systems and advanced communications technology will allow us to provide quicker, more accurate service with a smaller workforce. I intend to see these changes implemented, but I also am committed to helping employees adjust to the new environment with the least possible stress and without any reduction in force. We will take prompt action if problems arise with respect to service levels or the work environment for employees.

Public Service Initiatives

Mr. Chairman, I would like to conclude by providing a brief overview of some of the current initiatives SSA is undertaking to promote public confidence in the system and to improve service to the public.

We are trying to make service more easily available to the public by pursuing the following ideas: scheduling interviews in Social Security offices to reduce waiting times, experimenting with extended office hours to accommodate people who find it inconvenient to conduct business with us during regular working hours, and promoting the use of the telephone as an option to walk-in office visits. Further, we are encouraging local managers to share their best operating practices with other managers, as suggested by the General Accounting Office, in order to reduce the disparity in average workload unit times among geographic regions.

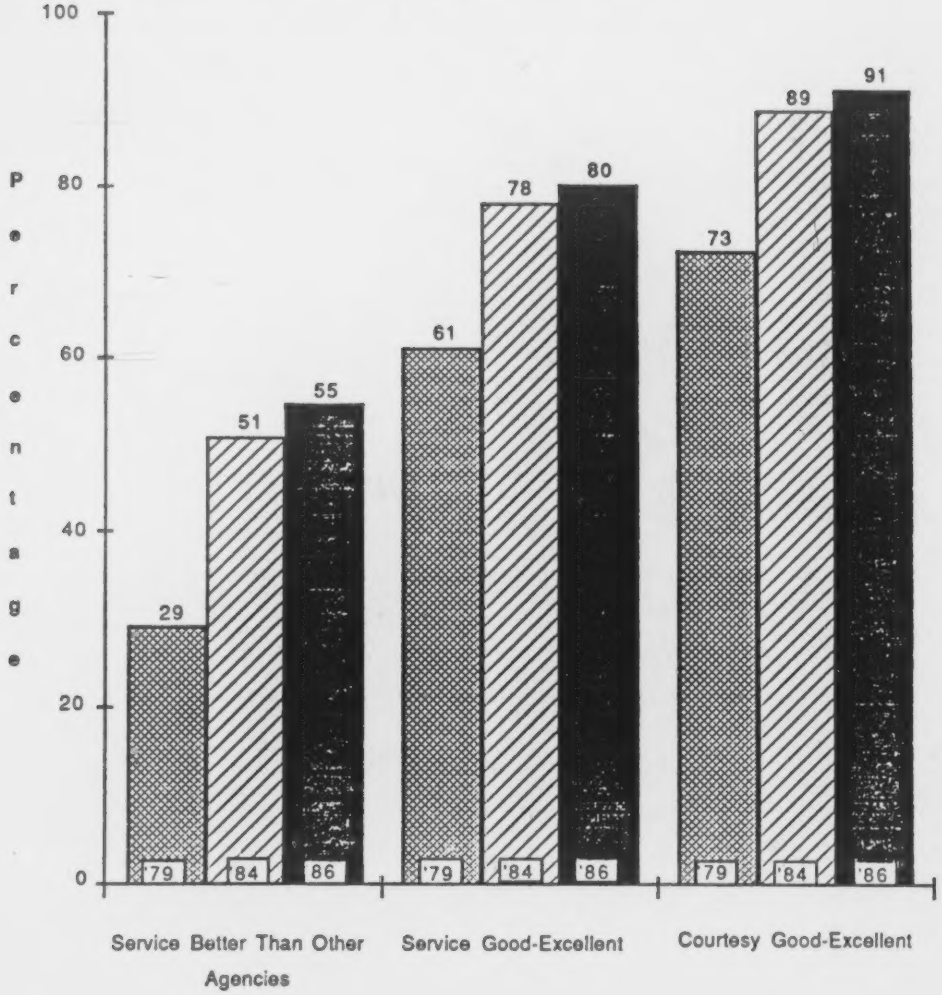
We are also working closely with the Advertising Council--a private, nonprofit group supported by American business and advertising interests that conducts national public service advertising campaigns--to develop a Social Security advertising campaign. Our goals are to educate the public--and particularly the young worker--about the Social Security programs and the protection they provide. We want to drive home the message that the Social Security system is not only actuarially sound but can also be relied upon to pay benefits, not only to today's retirees, but for many decades to come.

In addition, we are developing a more complete statement of earnings and a more realistic estimate of potential retirement, survivors and disability benefits for workers. This would allow workers to gain a much better picture of the benefits they and their families can expect to receive under Social Security. We are undertaking a pilot in 1987 to determine how best to carry out this important public service improvement within existing resources.

We know there is still a great deal of work needed to achieve our goals, but we believe our plans are well conceived and will succeed in improving public service and increasing productivity. Let me assure you that we will regularly and closely monitor our performance to assure that we maintain high-quality public service. We look forward to working with the Congress and the General Accounting Office as we strive to make SSA more effective and efficient in serving the public.

Attachments

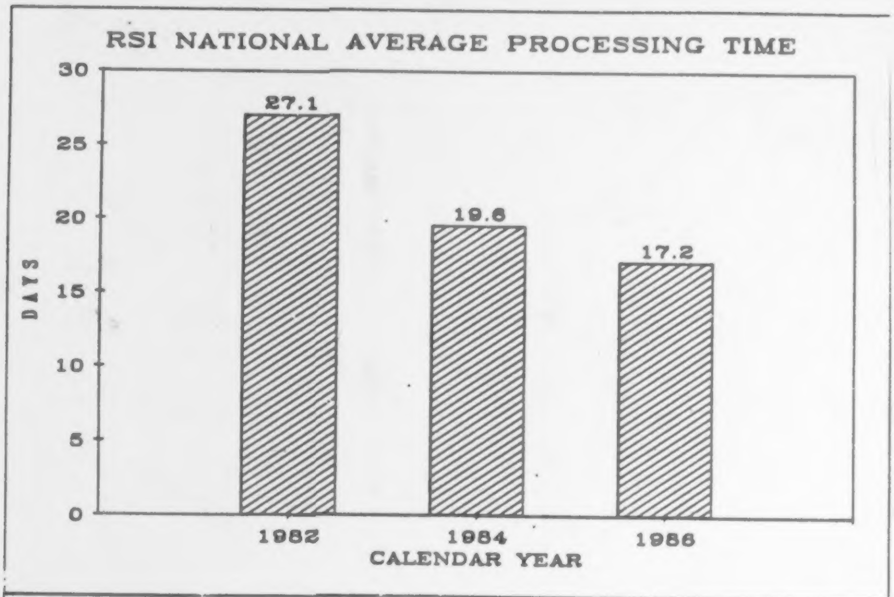
Public Satisfaction With SSA Service



Sources: ▩ A Nationwide Survey of Attitudes Toward Social Security
Peter D. Hart, 1979

▨ Quality of Services Generally Rated High
GAO/HRD - 86-8, 1986

■ Staff Reductions and Service Quality
GAO/HRD - 87-66, 1987


RSI NATIONAL AVERAGE PROCESSING TIME
DAYS
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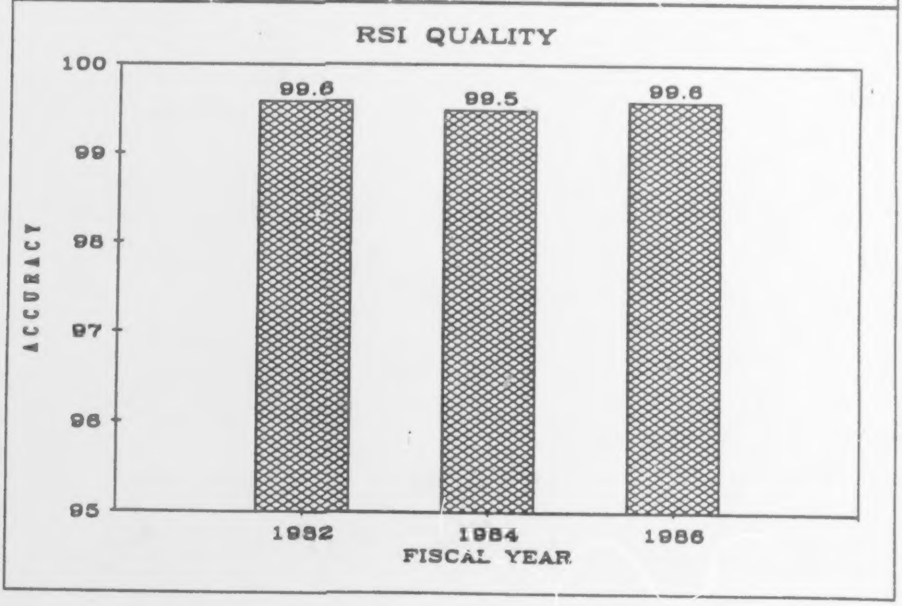
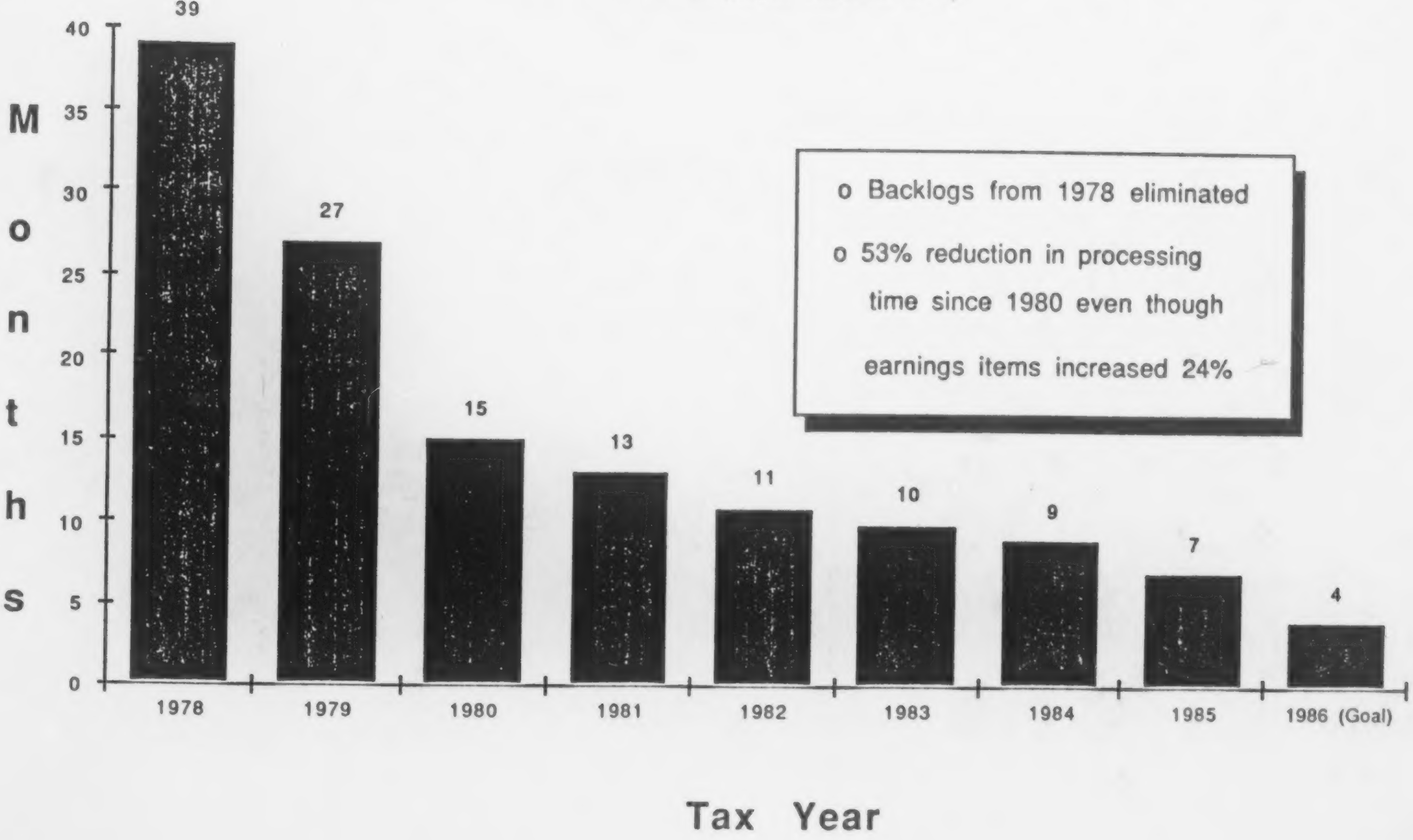
1982
1984
1986
CALENDAR YEAR


RSI QUALITY
ACCURACY
95
96
97
98
99
100
99.6
99.5
99.6
1982
1984
1986
FISCAL YEAR

Length of Time Required to Process Earnings Reports

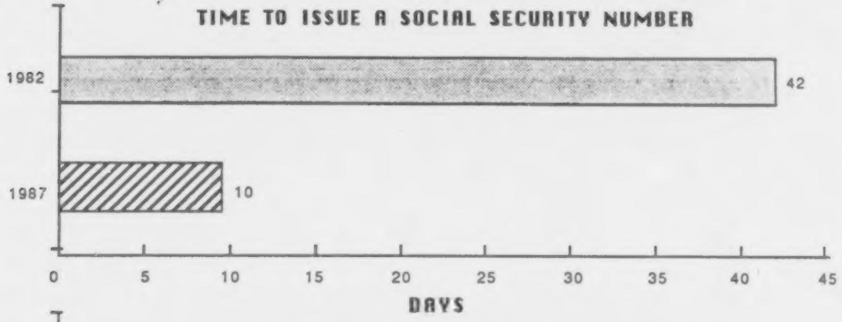
(Measured From The End of February
When Employer Reports Due)

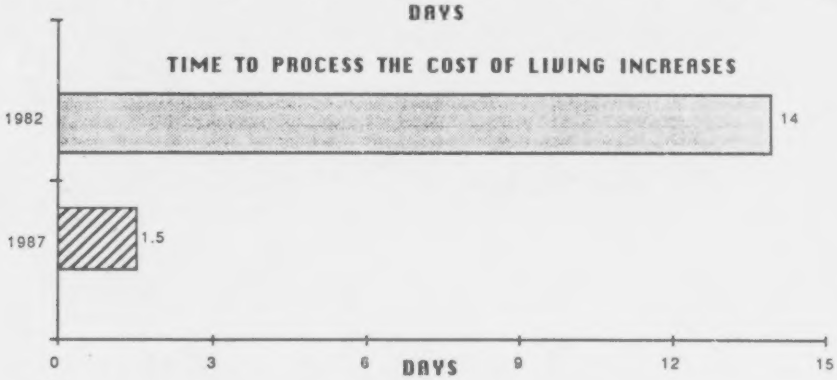


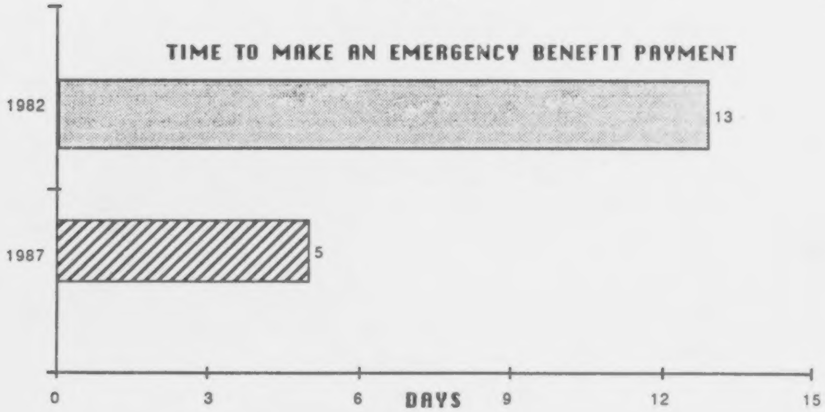
o Backlogs from 1978 eliminated

o 53% reduction in processing time since 1980 even though earnings items increased 24%

SOFTWARE DEVELOPMENT PROGRESS


TIME TO ISSUE A SOCIAL SECURITY NUMBER


TIME TO PROCESS THE COST OF LIVING INCREASES


TIME TO MAKE AN EMERGENCY BENEFIT PAYMENT

Chairman JACOBS. Thank you, Ms. Hardy.

Before the question, my cochairman, Mr. Archer, might have a statement to make and then questions for you at the same time.

Mr. ARCHER. Thank you, Mr. Chairman.

Mr. Chairman, this hearing on the subject of the management of Social Security I believe to be a timely one. I thank you for scheduling it before the committee returns to the issue of SSA as an independent agency, although I agree the two relate.

As an aside, but a most important one, I want to comment on the 1987 Annual Report of the Board of Trustees which was just released. In 1986, the OASDI funds not only repaid the remaining $10.5 billion owed to the Hospital Insurance Fund, but added $6 billion to their own net assets. At the end of fiscal 1986, the OASDI trust funds had assets of almost $46 billion, an amount equal to 31 percent of the current outgo, or nearly 4 months in benefits, and that, Mr. Chairman, is really an improvement from where we were a little while back. It is a dramatic, welcome change in the health of the trust funds, thanks in a large part to the resurging economy.

In the context of the national economy, it is appropriate that we remind ourselves periodically that the Social Security system does not exist in a vacuum. The focus of today's hearing—staffing reductions and systems modernization—will be scrutinized closely, and that is appropriate. But we must also keep in mind the demographics of the workplace. The gradual reduction of the ratio of workers to retirees means, among other things, that employers in the United States will need to place more reliance on technology. What the Social Security Subcommittee should help assure is that the SSA manages these transitions smoothly. The goal is to strike a balance between good public service and efficient program management because every dollar saved in administrative expenses is a dollar more to go in the trust fund to pay benefits. And all of us have got to remember that these savings do not go back to the General Treasury, they stay in the trust fund to augment that trust fund and improve the Social Security system.

GAO has released several reports recently about which we are going to be hearing today. In the March 1987 report on "Staff Reductions and Service Quality," it was reassuring to learn that workloads have been reduced, while service has remained stable or improved. Managers, employees, and the public all responded positively to the GAO surveys. Specifically, 88 percent of managers and 87 percent of employees said that service was the same or better than it was 3 years ago, when staffing reductions began. Eighty percent of SSA clients reported that SSA service overall was good to very good. I just checked with my Houston office this morning, and the service in the Houston office has improved, according to the judgment of my staff people, 500 percent in the last 6 months. And I think that is extremely commendable.

My colleague from Nebraska, Mr. Daub, said the service had improved considerably in the Omaha area also. Now, I am not saying this is true all over the country, but certainly in the areas that I and my colleague, Mr. Daub, are most concerned about, it has improved.

Nevertheless, we must not lose sight of the fact that our goal should be 100-percent approval and not just 88 percent as the GAO report shows.

However, two of the other GAO reports, "Stable Leadership and Better Management Needed," and "SSA Encountering Significant Delays in Its Claims Modernization Project," suggest there is still room for improvement in the management of the Social Security Administration. Both reports document a lack of advance planning, coordination between components, and poor communication, not only of goals, but of operating instructions. The too frequent turnovers in the office of the Commissioner and the Deputy Commissioner for Systems clearly have been underlying problems. I am even more convinced, Mr. Chairman, that the best thing our committee can do for SSA is to make it an independent agency. I will just add in parentheses that I had a visit with the Secretary of HHS, Dr. Bowen, just this last week, and told him how strongly I and most of my colleagues felt about this, so that there would be no failure on his part to understand those strong feelings up here on the Hill. If we established a term of office for the Commissioner, it would permit the appointees to become even more effective leaders.

At this point, I would like to compliment Commissioner Hardy for her straightforward efforts to lead the Social Security Administration through this difficult period of technological adjustment. And despite her short tenure, she has demonstrated her commitment to manage the agency in a manner which will rebuild public confidence in the program. Finally, I want to reassure all the hardworking employees of Social Security that we appreciate the difficulties and the frustrations which they have experienced during this transition period. Based on the experience of the model offices, I believe that ultimately systems modernization will improve the working environment for all SSA personnel.

And I look forward to hearing the testimony of the witnesses today. Thank you, Mr. Chairman.

Chairman JACOBS. Have you questions?

Mr. ARCHER. It seems like I have talked a pretty good while now. Do you want to start off with the questions or——

Chairman JACOBS. No. You told them. I will let them tell you.

Mr. ARCHER. Well, I do have some questions that I would like to ask of the Commissioner or her assistants here.

Since 1983, the SSA staff has declined by almost 7,000 full-time employees. What has been the impact of this staffing reduction in your opinion on your levels of service?

Commissioner HARDY. I think, as you have pointed out, that the levels of service have been retained and in most cases improved; we can continue to keep on that trend. The reductions that we have had so far and what we are projecting in 1987, the current fiscal year, and next year are on schedule, and I think we will be able to use some innovative management techniques, as well as increased productivity to retain that level of service and improve it.

Mr. ARCHER. What specific actions have you taken to address the problem of staffing imbalances as you downsize the agency?

Commissioner HARDY. We do have some imbalances throughout the country. With our employment plan and the opportunity for

SSA employees to move from the central area to field offices, we are able to overcome some of those imbalances in particular regions in the country.

But I also think, as I travel around the district offices, the managers are dealing with this at the local level. But as we see imbalances, we are trying to solve any of those.

Mr. **Archer**. Well, the GAO, it seems to me, has criticized you for not having an overall agency plan for staffing reductions. I assume from what you just said that you do not agree with this criticism.

If you want to amplify your previous answer, it would be good for us to have for the record.

Commissioner **Hardy**. We would be glad to submit that and I could just comment that I think there are two plans going on here. One is that the agency itself does not yet have a long-range plan about where we want to see the agency in the year 2000 and the year 2010, and how we get there.

[The following was subsequently received:]

Reductions in SSA staffing have been and will continue to be accomplished through attrition. Since employment attrition does not occur evenly across SSA, it can result in staffing imbalances. Therefore, we are making every effort to place our employees in positions where they are most needed. We recognize that we have an excess number of GS-12 and above staff employees, particularly in headquarters. On the other hand, we have a need to fill GS-10 and above operations positions in our field offices, mainly in our district and hearings offices. We are correcting this imbalance by means of the SSA Employment Plan. We have asked for volunteers to fill our essential field positions.

To date, we have had almost 200 employees volunteer for field operations positions. Seventy-four (74) of these individuals have been selected, mainly for claims representative jobs in our district offices. We are providing 15 weeks of intensive training to those employees selected so that when they report to their new duty station, they will be able to assume their new responsibilities. Additional training classes will be scheduled as needed for new selectees. Employees currently in training will be reporting to their new duty stations, which are located throughout the country, later this summer.

Staff employees have not only been selected for claims representative positions, but also for other critical jobs such as district manager, assistant district manager, hearings office manager and hearings analyst.

We are encouraging additional employees to volunteer for field assignments. In addition, we are pleased by the high level of employee reponse to the employment plan in support of our efforts to manage downsizing while maintaining the highest level of service to the public.

Attached is a copy of a January 5, 1987 memorandum announcing the SSA Employment Plan and a copy of the plan.

DEPARTMENT OF HEALTH & HUMAN SERVICES Social Security Administration

Refer to:

Memorandum

Date: JAN 5 1987

From: Dorcas R. Hardy Dorcas R. Hardy
Commissioner of Social Security

Subject: Social Security Administration (SSA) Employment Plan--INFORMATION

To: All SSA Employees

One of our major objectives for 1987 and beyond is to increase our productivity. I believe that with total cooperation from all of us we can achieve significant productivity increases at the same time we meet our commitment to reduced staffing levels. We can be a highly cost-effective public service organization and, as I have repeatedly stated, our goals can be achieved without a reduction-in-force. An important factor which will assist us will be the voluntary movement of employees to locations and functions where they are most needed.

Over the years, many employees came from the field to headquarters and have gained a broader perspective of our organization. There have been some opportunities for returning to the field in the past; however, I am announcing a program to increase such opportunities for those of you at grades 12 and above in staff positions to move to field offices and hearings and appeals offices. As a general rule, operations vacancies at grades 10 and above are going to be filled through the movement of staff employees. (Staff includes most of headquarters except the Office of System Operations and the operational subcomponents of the Office of Hearings and Appeals. Also included are all regional office employees and staff employees in the Office of Central Operations, including the program service centers and the data operations centers.)

Staff employees at grades 12 and above will be able to register for jobs and locations of their choice. The details are being developed now, and you will hear more from your management.

The decision to relocate and make a career change is not an easy one. To help provide a smooth transition, volunteers will receive program training and orientation, as well as reimbursement for relocation expenses. We will guarantee grade and pay retention whenever appropriate.

Consistent with SSA's employment policy, I expect each supervisor and manager to ensure that we meet our commitment to equal opportunity and affirmative action in the personnel decisions made under the employment plan.

I want to repeat my commitment that we will not have a reduction-in-force in SSA. It is my sincere belief that by making these employment opportunities available in the field we can provide the best service to SSA beneficiaries, improve the way we manage our programs and at the same time achieve our staffing goals. This effort is a major challenge for all of us; the creativity and commitment of the entire Social Security workforce will ensure our success.

SSA EMPLOYMENT PLAN
(Employees at Grades 12 and Above in Staff Components)

General Provisions

1. This plan is effective immediately and covers all vacancies unless an SF-52 has been approved (signed) by the personnel office.

2. SSA will make communication with employees a priority in the SSA employment strategy. The Commissioner will communicate to management and to all employees the SSA employment strategy including the achievement of set employment goals and moving staff employees to the field.

3. Staff employees are employees at grades 12 and above in staff components. Staff components are:

   - All components under the Deputy Commissioner, Management and Assessment;
   - All components under the Deputy Commissioner, Policy and External Affairs;
   - All components under the Deputy Commissioner, Systems except Office of System Operations (OSO);
   - All components under the Deputy Commissioner, Programs except the operational subcomponents of the Office of Hearings and Appeals (OHA);
   - All regional office employees;
   - All Field Liaison and Support Staff employees; and
   - Staff (as opposed to workload) employees in the Office of Central Operations (including the Office of Disability Operations (ODO), the Office of Central Records Operations (OCRO), program service centers and data operations centers).

4. Field means all workload operations components plus OHA workload components. For purposes of this plan ONLY--field also includes ODO, OCRO and OSO.

5. Staff vacancies at grades 12 and above will be filled as follows:

   - First, the selecting official, with approval of the appropriate deputy commissioner, must decide that there is a need to fill the vacancy.

- If there is such a need, first consideration will be given to staff employees at the grade level of the vacancy under that deputy.

- If unable to be filled in this way, the vacancy will then be filled by reassignment of any other staff employee from another deputy's component.

6. Staff and field positions at grades 12 and above may be filled by promotion only after approval by the Commissioner. Requests to promote must be submitted through the Office of Management, Budget, and Personnel (OMBP).

7. The filling of journey level grade 11 and below staff vacancies and journey level grade 9 and below workload operations vacancies is at the discretion of the appropriate deputy commissioner.

8. To facilitate the redeployment of staff employees to field positions:

   - SSA will fill field operations vacancies at grades 10 and above (including all career ladder positions with full performance levels at grades 10 and above) by redeploying onboard personnel.

   - Staff who are redeployed to field positions will not count against the receiving component's full time equivalent (FTE) ceilings for fiscal year '87 and fiscal year '88.

9. SSA employees currently in career ladders may continue to be noncompetitively promoted within their ladders.

10. Redeployment of staff employees to the field will generally be done on a volunteer basis at least through fiscal year '87.

11. If the voluntary approach does not achieve SSA goals, components will identify the number of excess staff employees at grades 12 and above, and SSA will use directed reassignment procedures to achieve the necessary placement of personnel.

12. To the greatest extent possible, SSA, operating under a reassignment process, will make available to affected employees discontinued service retirement and retained grade and pay benefits.

13. Employment for all SSA components will be controlled under FTE ceilings.

14. Each deputy commissioner must submit quarterly reports showing the number, location (headquarters, field) and grade level of positions filled by promotion. Reports are due by the 15th of the month following the end of each calendar quarter. The first report is due April 15, 1987.

Step 1 - VOLUNTARY

General Policies

1. A voluntary program designed to assist staff employees at grades 12 and above to relocate to the field will be announced.

2. The program will include all grade 10 and above field vacancies.

3. Staff employees will not be required to have any field office experience to be eligible for the program.

   - Those who do not meet the Office of Personnel Management X-118 minimum qualifications requirements will be reassigned to these positions under the HHS Career Opportunities Training Agreement.

   - Employees needing a general claims or other knowledge will receive appropriate training.

4. OMBP will manage the voluntary reassignment process and will provide status reports, etc., to the Commissioner.

5. A Job Fair will be held so that appropriate representatives can discuss topics of interest to employees, such as:

   - Career counseling;

   - Job descriptions;

   - Job satisfaction;

   - Job opportunities in and out of the Federal sector;

   - Working conditions; and

   - Living expenses and other personal advantages to working in the field.

6. An educational package will be distributed which will include:

   - Information on registration for and operation of the program;

- Payment of moving expenses and other pertinent travel and relocation topics; and

- Grade and pay retention benefits for employees volunteering for demotions.

Field Vacancies

Regional officials should look at all current and newly submitted SSA-4100s to determine which employees are interested in reassignment to the field.

The process for filling workload operations vacancies will be as follows:

- Staff employees at grades 12 and above may volunteer for field positions.

- They may list any number of locations, positions and grades for which they desire consideration.

- OMBP will compile a list of all available volunteers including locations, etc. OMBP can supply computer printouts on any/all candidates showing work history, current appraisal, education, training and awards.

- This information will be given to appropriate officials for dissemination to selecting officials and other field managers for their use.

- OMBP will update the information as necessary.

- OMBP will coordinate requests for interviews, release dates and other placement activities, including communication with regional personnel offices, as necessary, to process personnel actions resulting from the program.

If there are no volunteers for a field vacancy at a particular grade and location, the vacancy will be posted nationwide for promotion and reassignment simultaneously. However, the position cannot be filled by promotion without the approval of the Commissioner.

Step 2 - DIRECTED REASSIGNMENT

1. If the voluntary process alone does not achieve the necessary number of reassignments to the field, SSA will use directed reassignment procedures to accomplish the necessary assignments. Should it become necessary to use directed reassignment, SSA will adhere to all applicable regulations and guidelines. In addition, all employee rights will be protected, and appropriate Union consultation and negotiation obligations will be honored.

2. Directed reassignment must be to a position at the same grade as the employee's permanent grade.

   - All such reassignments must meet a legitimate need of the Agency.
   - If the Agency has a legitimate vacancy at the new location, this is "a legitimate need of the Agency."
   - Directed reassignments cannot be used to coerce employees into resigning or retiring.
   - Directed reassignments cannot be used to punish an employee.
   - Management has the right to select the employee who is to be reassigned.

3. Directed reassignment is a two-step procedure:

   - First, the manager having selecting authority over the employee's current and new positions issues a written notice of proposed reassignment to the employee. (For an OMBP employee being directed to a district office position, the Commissioner or a designee is the manager having selecting authority over both positions.)
   - Generally, the employee has 15 days to respond to the notice with reasons for objecting to the reassignment.
   - Second, the manager issues a written decision regarding the reassignment to the employee.
   - If the employee fails to report to the new assignment as ordered, the employee is absent without leave (AWOL) and may be disciplined and ultimately terminated for failure to report.
   - Filing a grievance does not affect the requirement that the employee report to the new assignment.

4. Employees who meet the age and service requirements for discontinued service retirement (DSR) are eligible to retire rather than comply with the directed reassignment outside of the commuting area notice. Age and service requirements are:

   - Age 50 with 20 years of service, or
   - 25 years of service at any age.

5. Employees affected by directed reassignment procedures may request a demotion to a vacancy more to their liking. SSA can offer retained grade and/or retained pay to any employee volunteering for demotion under such circumstances.

   - Under grade retention, employees are treated as if they were still at their higher grade for a period of 2 years.
   - Under pay retention, employees' salaries that cannot be matched at the lower grade (because their salaries exceed the step 10 salary) are not reduced. However, employees receive only half of all comparability increases until their salaries eventually match the step 10 salary.
   - Under pay retention, no salary may exceed 150 percent of the step 10 rate.

Commissioner **Hardy**. In addition though, for the staffing decreases, we are doing those through attrition, and through the attrition plus the employment plan that we have put into place, we expect to achieve those targets. And so I do see that we do have a plan for reduction in the number of staff.

Mr. **Archer**. Okay. The GAO also criticized you, and certainly I do not mean this in a personal way, because you have been there for too short a time, in my opinion, to be subjected to any personal criticism, but it has criticized the Social Security Administration for failing to establish measurable standards for public service. They complained that the standards that you set up are really not carefully defined enough, and do not mean an awful lot, and I just wondered what steps are you taking to establish measurable standards?

Commissioner **Hardy**. Well, standards are clearly a concern to us, as is the whole area of productivity, and I would like to ask Deputy Commissioner Doggette, who runs all of the operations for SSA, to elaborate on that.

Mr. **Doggette**. Mr. Archer, there are really two parts to that question. One part is the normal expectations that any organization has of what we expect to produce in the way of work. Now, for that, we have long had standards that are expressed both verbally and numerically.

For example, we know how many work products we anticipate will come in, and we have standards every year in our performance plans indicating how many work products we want to turn out. So we do have, and have long had, numerical standards of performance in the organization.

The issue that I think GAO concentrated on was a nationally engineered unit time standard. In effect, we do not have one of those in this organization. We have looked at that from time to time, and have decided not to move in that direction. We are taking another look at it, but we do not think we ought to try to do that while we are modifying the organization from a heavily paper bound organization to a technologically up-to-date organization. But as soon as that modernization is complete, we will take another close look at the nationally engineered unit time. But right now we do not think is the time to do that.

Mr. **Archer**. It seems to me that one of the complaints that the GAO made was that some of your standards are not in a sense comprehensive enough, because, for example, you say that it takes an average of a certain amount of time once an applicant has contacted the receptionist, but you do not talk about how much time one waited to get in contact with the receptionist. And I just wonder if you are beginning to look at a different way of setting up these standards?

Mr. **Doggette**. Mr. Archer, that is our waiting time study. We recently initiated a study to see how long people waited in our offices. We measure that time. We do this in a manual mode during a half an hour period every week in every field office. We actually write down on a piece of paper when the person is seen by a receptionist and when they are seen by an interviewer, and we take an average of that time period. We do not count the time from when they walk in the front door until they are seen by a receptionist.

And GAO pointed that out to us. We do not think that is a critical issue at this point.

The average waiting time that we do measure has been improving consistently since we began measuring that about three or four quarters ago, and it is now down around 7 minutes nationally. But we decided to take a look at that additional time to see how long people waited before being seen by the receptionist. We did a special study, and that has to be done manually. Someone has to stand at the door, write down the time people come in, and then write down when they are seen by the receptionist. So it is very labor-intensive to do that sort of a study.

And we discovered that about half of the people did not wait at all before they saw a receptionist. They went right in and were seen by a receptionist. Approximately half of the people waited an average of about 8 minutes before they were seen by the receptionist. So, those who did wait, which was only about half, they waited an average of 8 minutes.

So we do have a pretty good sense of how long it takes before they see a receptionist. We really do not think it makes a lot of sense to devote the kind of work power necessary to do a continuing study of the time they walk in the front door until they see a receptionist. But we will do studies periodically to make sure we have a good handle on that.

Mr. **Archer**. I thank you for that comment.

I have one last question. Mr. Chairman, I appreciate your indulgence.

To Commissioner Hardy, you have been Commissioner now since June of 1986. We talked about some of the improvement in service generally a little bit already. But can you personally actually demonstrate the improvement that you think has occurred during that period of time?

Commissioner **Hardy**. Yes, Mr. Archer, I can.

I have tried to spend some time in the field offices and to work with staff and to get their feedback on how they think service is improving.

We did communicate with all of the employees in the field offices about new methods for service delivery. And we are using a definition of service delivery that is much broader than just field office activities. It is phones, it is mail, it is our whole service.

We now have appointments in all of our offices. We have in one particular region, Chicago, an experiment where you can call in to a teleservice center and make an appointment in any one of 10 or 15 district offices. We have had some rather unique things suggested such as offices where you can drive in and give us your proofs. We will work with people at a particular location in terms of better service for people who cannot come in a 9-to-5 timeframe.

I am concerned about the phones throughout the country because I really want to improve those and make sure we have more access for people to our services. We have some 800 numbers and 900 numbers going in for some of our new workloads. And I think we are getting there, doing a good job.

Mr. **Archer**. Thank you very much. Thank you, Mr. Chairman.

Chairman **Jacobs**. Mr. Daub will inquire.

Mr. Daub. Mr. Chairman, thank you very much for this opportunity.

I understand my colleague, Bill Archer, referred to the Omaha Social Security office, and indicated the improved circumstances. And I want you to know that you did not misspeak and you are, as always, well informed.

Commissioner, I do want the record to show that your people in Nebraska are doing an outstanding job on all of the eight performance indicators from the last evaluation, a copy of which I have in front of me, Omaha as a district office performed better than the national average in each category. That, of course, does indicate to me that your folks are aware of my interest in Social Security as well.

People ask me sometimes why I am interested, Mr. Chairman, in this whole subject, and I say because I want to be eligible some day.

Chairman Jacobs. Live carefully.

Mr. Daub. Live carefully. [Laughter.]

Hard doing in our business, is it not, Mr. Chairman.

I am particularly interested, as I looked at the GAO studies and reports, at everybody who seems to want to be critical of what your department is doing, and ask them to put their objective thinking hat on instead of trying to be somewhat political or engaged in a turf protection fight of one kind or another.

I say it because if you just look at the bodies, the American people that live in the 50 continental States right now, we have a country that is going to be critically, noticeably labor short for the first time in our history by 1994.

What this means is that whether it is the auto body fender and mechanic work, or employment opportunities in the Social Security Administration, we physically are going to have trouble finding enough people to do all the things that we now do, if we freeze the system the way it is, and we approach this idea of how you downsize a system on a body-for-body basis.

Only when we downsize in Government can we afford the luxury of downsizing by attrition. American Airlines, TWA, just look around the country, when they have got to downsize, because of an economic problem, they lay people off. So for my part at any rate, when it comes to the efforts you are making, I think that you are headed in the right direction. And, you recognize that you are not doing it perfectly right and perfectly on schedule, and that it is going to be a road to Damascus fraught with great danger and much political controversy.

The fact remains that I think you have been sensitive as a department to this very difficult circumstance, and I commend you for your efforts. I appreciate the tough job you have got because automating so that people get the services all of us want to see them be able to receive from the Social Security Administration office nearest them is not going to happen if we face this idea of having to have body for body replacement, which is simply a physical impossibility by 1994, 1995, and 1996. And we would be crazy as a government to ignore that demographic reality which I think underpins the decisions that you all have made to move in the direction you are moving.

It seems to me that out of 17,000 employees, really only the physical work requirements of maybe about 3,000 of that 17,000, might be questionable. And that is in 1989 and 1990 and 1991, and that is pretty hard to forecast at this point in time.

I just want you to know that from my own evaluation of it, what we are doing is as necessary in your department as it is going to be in all of government: city, county, State, and Federal. And the private sector is going to have to face that same obligation as we change the nature of our society to an aged society where there will be a million more people added to the Social Security rolls each and every year now for the next 20 years. We are going to look at 50 million people over age 65, and not 30 million people over age 65.

So, with that understanding and my appreciation for the tough job that you are doing, that does not mean that I do not want you to do better.

Now, the GAO pointed out that a lot of top management positions have not been filled in your department since you have assumed the authority and the responsibility for the efficient operation of the department.

Is that going to stay that way? Have you made changes? Are you filling them or are you finding out that maybe you do not need to fill them and proceeding to downsize the top level management ranks as well as the office ranks?

Commissioner HARDY. I think it is part of both. I have created a new Deputy Commissioner for Policy and External Affairs and, I have filled all but one of the Deputy Commissioner jobs on a permanent basis. Most of the other top jobs are filled, and what is not filled at the current time, the top ones' are being competed nationwide.

So I think we are on our way. But the vast majority are currently filled.

Mr. DAUB. What are you going to do then with this new approach to financial management in the department, why are you focusing on that?

Commissioner HARDY. Well, the GAO report, as well as my initial reaction when I came to Social Security, was that we can improve our budget execution, that is, once we receive the dollars, we should probably know a little bit better about exactly how all of this comes together. There is also some accounting discussion, and I think the idea of a Chief Financial Officer was a welcome one. I have gone ahead and filled that with Norman Goldstein—the Secretary and I have signed off on that, and he is now a new member of the executive staff.

I think that we are working to come up with the best organization of exactly what the responsibilities are that fall within his purview, but I think it will be very positive.

Mr. DAUB. What happens if you just stop the system's modernization program right now and assume we are just going to leave people in place and replace the ones that retire and try to operate it manually the way we are operating it now? What do you forecast the consequences of that would be?

Commissioner HARDY. I think it would be disastrous.

The public, first of all, I believe, expects us to use technology—when I talk to people, they are astounded that there is such a discussion about computers. It is just expected that we should have had this all along.

Second, I believe that we have a manual process that is just very labor-intensive. And when you look at someone's file just for retirement and see the number of pages that go into that, it is clear that we can automate, and have been automating most of that. We still, as you are aware, are not totally there in terms of all of the software and all of the post-entitlement kinds of things that need to be done in systems. But I believe it would be very poor public administration, and would result in very poor public service if we did not continue in the direction that we are going.

Mr. **Daub**. What is your assessment of the way in which the employees of our Social Security Administration are responding to this new approach and to the leadership that you are trying to give to the system's future?

Commissioner **Hardy**. All of the district offices that I have been to I think are very positive. They are concerned because they want to be assured and reassured that management will be of assistance to them as they go through the changes in technology. But they are very pleased that we are not expecting, that there is no reason to expect a reduction in force, and that we can go through the downsizing in terms of attrition.

But we should also be clear that not all of the downsizing is due to automation; there is not a one to one correlation with technology. We are increasing productivity at the same time we automate, and we are able to downsize with the help of technology. But it is not a situation where you put in one computer and somebody goes out the door. There is not that kind of correlation.

Mr. **Daub**. Commissioner Hardy, would you state for the record, if you would, please, the collective-bargaining agreements and the units by name that are essentially the ones that you deal with in the Social Security Administration?

Commissioner **Hardy**. The primary bargaining union is the AFGE, American Federation of Government Employees.

Mr. **Daub**. Any others?

Mr. **Sabatini**. NFFE also represents a few of our offices, and we also have a relationship with the NTEU.

Mr. **Daub**. When do those agreements come up for renegotiation, for renewal, or for collective bargaining again?

Mr. **Sabatini**. The primary contract, the primary union that represents our employees is the American Federation of Government Employees. The current contract will be open for negotiations in the spring of 1988.

Mr. **Daub**. The spring of 1988?

Mr. **Sabatini**. Yes, sir.

Mr. **Daub**. And when does it expire?

Mr. **Sabatini**. It expires in the spring of 1988, and that is when we will be renegotiating.

Mr. **Daub**. How many workers do they currently represent?

Mr. **Sabatini**. They would represent the vast majority of the bargaining unit employees.

Mr. **Daub**. Which would be how many?

Mr. Sabatini. It would be I would say in the neighborhood of 60,000.

Mr. Daub. Sixty thousand employees?

Mr. Sabatini. Yes.

Mr. Daub. What is the average age of a Social Security employee in your department in the work force of that 60,000 bargaining unit? What is the average age? Are they 10-year employees? Are they 15-year employees, or are they less than 10-year employees in terms of tenure of longevity?

Chairman Jacobs. Just a guess.

Mr. Sabatini. I would say that the longevity is in the neighborhood of 10 to 15 years. We have a very stable work force with primarily people who start their career with us and end their career with us.

Mr. Daub. In the attrition idea then, 5 years from now, what is the 20-year pattern? I mean is half of that 60,000 work force at 20 years Government service in 1990, 2, 3, or 4?

Mr. Sabatini. I would say at least half of the current employees in the agency would have 20 years service by 1994.

Mr. Daub. So, Commissioner, can you give this committee an assurance that in the modernization effort, that in all likelihood with every bit of effort at least for your tenure in this position, that the changes that were made will be made by attrition and not by RIF or layoff?

Commissioner Hardy. Absolutely, Mr. Daub.

Mr. Daub. One last point not quite germane to this hearing. Your department is looking at some legislation, a number of members on both sides of the aisle have asked you to look at, which is the idea of the proration of the last check for the month of death, and you are going to get back to us soon on that?

Commissioner Hardy. That has been brought to my attention, yes. And, yes, we will look at that.

[The following was subsequently received:]

The Administration has taken no formal position on legislation that would prorate Social Security benefits for the month of death. I would however, like to take the opportunity to explain some of the policy and administrative considerations that relate to this issue.

Most Social Security beneficiaries receive a benefit for the entire month they begin getting benefits regardless of when in the month they actually become eligible and file for benefits. (An exception is that an individual who applies for retirement benefits in the month in which he or she attains age 62 must wait until the first month throughout which he or she meets the requirements for entitlement. Even in this one exceptional situation, the beneficiary's expected lifetime benefits are not reduced because the actuarial reduction factor is less than it would otherwise be.)

Athough monthly benefits are not payable to a beneficiary for the month in which he or she dies, a lump-sum death benefit that may be used to meet expenses for the month of death is payable to a worker's spouse who was living with the worker at the time of the worker's death or to a spouse or child who is eligible for survivor's benefits based on the deceased worker's earnings. With respect to medical care costs incurred in the month of death, a beneficiary's Medicare coverage extends to the actual date of death. Moreover, under present law, survivors who are eligible for Social Security benefits receive benefits for the entire month in which the worker dies, regardless of the actual date of death.

We estimate that prorating a worker's benefit and any auxiliary and survivor benefits for the month of death would increase benefit outlays by $300 million in the first year and by $1.9 billion over the first 5 years.

Prorating payments for the month of death would also increase administrative costs. SSA would have to determine whom to pay benefits for the month of death, a potentially difficult and time-consuming process in cases involving no immediate family members, and would have to develop, test, and implement substantial systems changes to accommodate prorated payments.

Mr. **Daub**. Thank you, Mr. Chairman.

Chairman **Jacobs**. Mr. Moody.

Mr. **Moody**. Thank you.

Ms. Hardy, you were here when we had James Roosevelt and those sorts of folks before the committee. And I have read your letter to me of March 30 responding to some of the questions that occurred to us from that hearing.

Maybe you could elaborate a little bit. Do you think its proper for SSA to be turning over earnings records to any group in bulk form, using a 1976 provision of the Tax Reform Act of that year, which was designed, I think everyone would agree, to permit you to do so in order to aid pension planners and administrators of private pension plans? That provision of the law seems to have been taken by SSA and used now to turn over earnings records in bulk to groups like the Roosevelt group or other groups that might ask for them.

Can you just elaborate why you think that 1976 provision entitles you to do this? Can you elaborate a little bit on what you feel gives you authority? Our staff and others who have looked at this carefully feel your interpretation might be stretching it.

Commissioner **Hardy**. I think the first thing to clarify is that we do not turn over any kind of earnings information unless an individual has requested that we do so. Any particular group that we were discussing at the previous hearing is not in the pension area. Benefacts, which was the primary one that we deal with, has individual people who—I mean if you want your earnings record and you want to pay them to get it, you would have to still sign an individual authorization. So that is a very clear part of that. And I think in terms of the legality and what we were operating under, we are assured by general counsel and others that we are perfectly in our right to do this.

Mr. **Moody**. No. I did not set up the straw man of your turning over something that has not been authorized. That was not my question.

I understand that people have signed releases. But my question is, as you know, this is being turned over now in bulk form to bulk submissions of releases to groups who are making a profit on something that we have heretofore provided free. These are profitmaking entities in some cases. In other cases, they might be a lobbying or a quasi-lobbying organization.

Commissioner **Hardy**. Only one group is doing that, Benefacts, which, yes, it is a profitmaking organization as I understand it. And we have apparently another one who is requesting. But they are set up just for that area. They are not a part of the lobbying crowd.

Mr. **Moody**. Okay. Suppose a lobbying crowd, suppose James Roosevelt or some other comparable group comes in and says here are 3,000 releases, or here are 3 million releases, we want this information from your tapes in bulk form.

It seems to be going quite far afield from the clear congressional intent I am informed by staff which was in the record for the 1976 provision.

Does it concern you that confidentiality may in some sense be compromised when these records are turned over in bulk form to profitmaking organizations? And now they have this information put together in a way which is entirely different than an individual having just his own records. An organization with its own agenda now may have ways of manipulating or utilizing this data in totally unforeseen ways.

Commissioner HARDY. You just cannot write to us and say here is a tape and we will send a tape back to you. We do have a formal agreement and an organization or a company like Benefacts does pay us. So we believe that we have appropriate safeguards built into this.

Mr. MOODY. Well, how do you safeguard the confidentiality? How do you safeguard what use they make of the tape once they have filled it up with your information? What downstream controls do you have? You say you are certain of safeguards. What safeguards are there?

Commissioner HARDY. That individual signed off and asked that company to do a service for them.

Mr. MOODY. But that is not the straw man I am asking you to knock down. I am asking for a response to a different policy question. I do not doubt that people have signed off. I am not asking you about confidentiality one-on-one with the individual. I am asking you what safeguards do you have or would you insist on for any downstream use of this information now in bulk form of recordkeeping?

Commissioner HARDY. I do not have that.

Mr. MOODY. Okay. Well, that is what I am trying to get at.

Do you have any controls now on the profitmaking groups, Benefacts? What if they decide to turn around and sell this to an elderly magazine group? Suppose Benefacts sells this tape now to a magazine that is published to sell to the elderly? They can sell it and they would know what kind of income levels appeal to different magazine subscription types. And they want to now turn around and sell this to a publishing house. Do you have any control over that?

Commissioner HARDY. It is my understanding that there are criminal penalties for the unauthorized release of earnings data, that it can only be used for the purpose authorized by that individual.

Mr. MOODY. Well, what if that individual just says: "Release my earnings statement to Benefacts." Benefacts is a private company, correct?

Commissioner HARDY. Correct.

Mr. MOODY. Now, Benefacts, in turn, sells the tape to a mail order house who wants to make money by selling senior citizens magazines or vacations or condominiums or anything else based on their levels of income. Not their precise income perhaps. There may be ranges of income. Let's say they want to send a certain magazine or a certain pitch to people who make $15,000 to $20,000 and another pitch to people who make $12,000 to $15,000 and so forth. So that the magazine company may not know their precise earnings, but they may know the range of earnings they are in.

Do you have any controls on this sort of activity?

Commissioner HARDY. Not to my knowledge, no.

Mr. MOODY. Well, would you let us know if you think such controls are appropriate and, if so, why; if not, why not? Because we are abusing data generated at taxpayers' or the system's expense and turning it into a commercial venture. We are providing them an enormously commercially valuable and possibly compromising bit of information which is developed with tax revenues. I think the implications are fraught with problems and need to be discussed. And I do not gather that you have had any such discussion.

Commissioner HARDY. Correct. We can have further conversations about it. I guess I do not see the problem that you are talking about. But I will——

Mr. MOODY. I am not even criticizing. I just want to bring it out as a discussion.

Commissioner HARDY. I understand.

Mr. MOODY. It is something that occurs to me we ought to be thinking about.

We develop this data, which is confidential. An individual then tells Benefacts or some other company that might come to him that they can release their data and they then get their earnings statement on a little piece of paper——

Commissioner HARDY. And they get it, yes. We provide.

Mr. MOODY. And maybe better than you provide.

Commissioner HARDY. And cheaper—that is, Benefacts is able to tailor and package the information for individual workers more economically than we can at the present time.

Mr. MOODY. Now, these individuals probably have not insisted that no other use ever be made of that data. And you apparently are also not insisting that no other use be made of the data, which then frees Benefacts to sell this information to a mail order house.

Commissioner HARDY. The earnings data could not be used for anything else but going back to that individual. That individual who sent in a form to Benefacts that had their name and address on it, that is like sending in a form to Montgomery Ward. I mean write in to somebody and gave them my name and address. But further use of the earnings data would not be appropriate.

Mr. DAUB. Will the gentleman yield?

Mr. MOODY. Sure.

Mr. DAUB. Just for the record, would it be possible, whatever the legal implications of it are, for you to furnish the committee with a copy of the private contract that you have with this organization so that our committee staff might review to see if there are any safeguards built into the contract. I happen to think it is an important subject and I am glad the gentleman has raised it.

Commissioner HARDY. Certainly.

Mr. MOODY. Well, you can see what I am driving at. I want to know to what extent Benefacts can use this information beneficially other than just giving it to the person or selling it to the person. Can they then lump people by income class, for example, even though they do not give any precise data out, and sell it to mail order houses? This is very valuable commercial material now, and

I am just wondering what, if any, restrictions are placed on Benefacts or companies like that. Remember this is a very valuable product, which would be worth millions if you had to go out and generate it through a million individual phone calls or surveys or something—was developed through government revenues.

So it raises policy implications about turning this into a commercially valuable product. And I just want to know what is going on.

Mr. SABATINI. Mr. Moody, the information that you are referring to that would be of value is essentially the information that Benefacts and other types of companies get as the input. I mean what they furnish us is the name, Social Security number, and date of birth of an individual. They have that when they come to us. We provide them with earnings information. That initial set of data that they collect from the individual is what would be of value in a commercial venture.

Now, how you would expect Government to put controls on that is beyond me. I mean I have the same concerns you have, but I am not sure you can control every aspect of everything that takes place in this country.

Mr. MOODY. One can easily contemplate a contract with Benefacts which says this information will not be delivered to anyone except the beneficiary.

Mr. DAUB. Will the gentleman yield?

Mr. SABATINI. For the information that they sent to us is what I think is the information that is of value, and limiting that would be impossible.

Mr. MOODY. No, no. Not what they sent to you. What you send to them in matching up earnings records with names and addresses and birth date would be very valuable.

Mr. SABATINI. The names, addresses and ages I think are already there and that would be the valuable commodity that they could sell.

Mr. MOODY. No. The earnings——

Mr. DAUB. Will the gentleman yield?

Mr. MOODY. I will yield in a second.

My point is that the earnings record is also very valuable. Different commercial pitches go to different people with different income profiles.

If you tell me here are a million names and addresses, and this 100,000 have this kind of income and this 100,000 have that kind of income, well, this is an enormously valuable piece of information. The earnings statements become the valuable element when matched with the names.

You do not send pitches for condominiums to people who have $7,000 incomes. You send them to people who have higher incomes. You do not send pitches for vacations in Hawaii to people who are barely subsisting. You send those to the more affluent elderly, and so forth.

So if you just say there is no commercial application, I do not understand.

Mr. SABATINI. No. I am saying there is. But the initial commercial application I think is what is input.

Commissioner HARDY. Right.

Mr. **Sabatini**. Certainly the commercial value of that can be enhanced. But what they have to start out with is something that there is no way to control, and it is something that I think would be of commercial value. I think the added increment is not that significant.

Mr. **Moody**. Well, that is everything. The income data to go with the names and addresses is a very crucial element. That makes it valuable it seems to me.

Commissioner **Hardy**. Well, first of all, we will supply the contract and submit that for the record to you.

[The information follows:]

SSA's agreement with Benefacts, Inc. to provide earnings information if authorized to do so by the individuals involved is attached. The authorization an individual must sign to permit release of earnings data is Exhibit A of the agreement. As provided in section 6103 of the Internal Revenue Code, the authorization must show the identity of the subject of the record, specify the third party to whom the information is to be released, and include the individual's signature. The authorization must be submitted within 60 days of the date it is completed.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

STB-311

NOV 8 1985

ER-18-2

Mr. William J. Kirschensteiner
Vice President
Manager, Marketing
Benefacts Incorporated
300 East Joppa Road
Baltimore, Maryland 21204

Dear Mr. Kirschensteiner:

This is in response to your request to enter into an agreement under which we will furnish employment information on a reimbursable basis. The enclosed agreement, designed to meet your needs, provides for our furnishing annual totals of earnings on magnetic tape. We are also enclosing specimens of the authorization/request form (Exhibit A), input specifications (Exhibit B), magnetic tape output specifications (Exhibit C), and a specimen of the pinfeed form displaying earnings information (Exhibit D). Please review these items and the information sheet entitled "Earnings Information," which explains the conditions which apply to the release of information to your organization.

If the conditions of the agreement meet your approval, please sign the agreement (Form SSA-1235 U5) and forward it to the Social Security Administration, Box 17042, Baltimore, Maryland 21235. The duplicate copy is for your files. Upon receipt of the signed agreement, we will process any acceptable requests sent to us.

A bill for initiation of the agreement will be mailed to you upon receipt of the signed Form SSA-1235 U5. You will be billed on a quarterly basis for the earnings information provided to you.

Sincerely yours,

Ted Kalandros
Director
Office of Pre-Claims
Requirements, OSR

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION

AGREEMENT COVERING REIMBURSABLE SERVICES

JOB NUMBER
759C

REQUESTING ORGANIZATION

NAME Benefacts Incorporated	**BEGINNING AND ENDING DATES** Continuing

ADDRESS
300 East Joppa Road
Baltimore, Maryland 21204

TYPE OF SERVICE REQUESTED

PROJECT TITLE OR KIND OF SERVICES
Furnishing annual earnings amounts, 1951 to date, for providing estimates of Social Security benefits.

BRIEF EXPLANATION

See attached "Continuation Sheet."

*Agreement Initiation (one-time only) =$60.00
Tape to Tape = $0.16 per case
Tape to Tape (Exceptions) = $0.89 per case
SSA Magnetic tape = $9.00
Magnetic Tape handling = $65.00 per submittal

REFERENCES TO CORRESPONDENCE ON THIS MATTER *(copies attached)*

SSA PROJECT COORDINATOR

NAME Stanley N. Wells	**OFFICE** Office of Pre-Claims Requirements

SSA CONTACT FOR INFORMATION PERTAINING TO THIS AGREEMENT

NAME Walt Glazer	**OFFICE** Office of Pre-Claims Requirements

ESTIMATED COST AND FINANCING OF SERVICES

ESTIMATED COST OF SERVICES *(Actual cost is to be billed as work is completed)* *	**FINANCING** *(Check one)* ☐ IN ADVANCE *(Working fund)* ☑ TO BE BILLED AS WORK IS COMPLETED

SSA AUTHORIZATION

SSA AUTHORIZING OFFICIAL *(Director, OFR, OMBP)* Director, Office of [illegible] SUBJECT TO AVAILABILITY OF FUNDS	**DATE** NOV 8 1985

ACCEPTANCE — FOR USE OF REQUESTING ORGANIZATION

Please provide the services requested above. We agree to pay you the actual cost of such services in the amount or amounts to be determined by you within 30 days from the date of the invoice; and we agree also to all of the terms and conditions stated on the reverse of this form.

NAME—ORGANIZATION'S PROJECT COORDINATOR BRUCE RONIS	**TITLE** CONSULTANT	
SIGNATURE OF AUTHORIZING OFFICIAL William J. Kirchenstein	**TITLE** Vice President	**DATE** 11-11-85

FORM SSA-1235-U5 (6-82) (Formerly SSA-1034A) DESTROY OLD STOCK

CONTINUATION SHEET

DESCRIPTION OF TYPE OF SERVICE REQUESTED

On the basis of a magnetic tape input with authorizations signed by the Social Security Number holders, and submitted by the organization, we will furnish to the organization the (1) Social Security Number, (2) name, and (3) annual totals of earnings credited for the years 1951 to date under the following conditions:

A. Four times a year on magnetic tape, (Exhibits A through D). The requesting organization will furnish the magnetic tape.

The requesting organization will furnish the magnetic tape on which the input records will be displayed (Items A above).

When submitting your input on magnetic tape, the input tape, a one record per line listing of your input tape, and authorizations must be in the same sequence, either numerical or alphabetical. This is to facilitate our review of input to ensure compliance with the Tax Reform Act of 1976 and the various information laws which govern our disclosure of confidential information.

When the earnings data is being furnished on magnetic tape, the authorizations input listing, and magnetic tape should be appropriately identified and mailed to:

Social Security Administration
Office of Pre-Claims Requirements
Attention: Division of Records Use and
State Reporting
3-F-18 Operations Building
6401 Security Boulevard
Baltimore, Maryland 21235

EXHIBIT A

AUTHORIZATION FOR THE SOCIAL SECURITY ADMINISTRATION TO RELEASE EARNINGS INFORMATION TO BENEFACTS INCORPORATED 1/

NAME ____________________ SOCIAL SECURITY NUMBER ____________________

PRIOR SURNAME ____________________ DATE OF BIRTH ____________________

Please furnish Benefacts Incorporated, 300 East Joppa Road, Baltimore, MD 21204, or their designees, annual totals of earnings reported to my record for the years 1951 to date. I understand that this information will be used for providing an estimate of my Social Security benefits.

DATE OF REQUEST ____________________ SIGNATURE OF SOCIAL SECURITY NUMBER HOLDER ____________________

FOR DECEASED INDIVIDUAL:

NAME OF DECEASED ____________________ SOCIAL SECURITY NUMBER ____________________

PRIOR SURNAME, IF ANY ____________________ DATE OF BIRTH ____________________

DATE OF DEATH ____________________

Please furnish Benefacts Incorporated, 300 East Joppa Road, Baltimore, MD 21204, or their designees, annual totals of earnings reported to the record identified above for the years 1951 to date. I understand that this information will be used for providing an estimate of Social Security benefits for the record identified above.

DATE OF REQUEST ____________________ SIGNATURE ____________________

RELATIONSHIP TO DECEASED INDIVIDUAL ____________________

1/ Earnings Information will be released on tape(s) provided by the Social Security Administration.

EXHIBIT B

SPECIFICATIONS FOR MAGNETIC TAPE INPUT TO OBTAIN 1951 TO DATE ANNUAL TOTALS

1. Input should be provided on 9 track, 1600 BPI tape.

2. The records may be single or blocked up to a maximum of 20. When tape is prepared on a Univac system, the records should be blocked by six.

3. The header label format should be standard IBM 360 or OS 370. Please put DSN on external label.

4. The input format is as follows:

Card Column	Information
1-9	Social Security number
10-37	Current last name[1], first name, and middle initial, providing a space between each item.
38	Blank
39	"9"
40	Blank
41-44	"759C"
45-50	Month, day, and year of birth (e.g., keying 020901 for February 9, 1901)
51-73	For requester's use[2]
74-79	First six letters of prior surname[3]
80	Blank

---

[1] If the last name has less than 6 letters, begin the first name in column 16.

[2] Leave blank or show any alpha/numeric data you wish to have displayed in tape output positions 55-77 or item 4 on the pinfeed output (resolved exception item).

[3] Leave blank if no prior surname.

EXHIBIT C

SPECIFICATIONS FOR MAGNETIC TAPE OUTPUT FOR 1951 TO DATE ANNUAL EARNINGS TOTALS

9 Track
1600 BPI Density
Output is in display format
Records are blocked 20 (Record length is 318 positions)

Reel Format

Positions	Information
1-9	Social Security number
10-15	First 6 letters of current surname [1]
16-19	Blank
20-47	Input positions 10-37
48	Blank
49-83	Input positions 45-79
84-90	1951 earnings (Pennies position sign plus or minus)[2] [3]
91-314	1952 to date earnings (in same format as 1951 earnings)
315-316	Blank
317	Column 44 of input
318	Blank

---

[1] Surname from SSA records.

[2] Units positions of each earnings field, consisting of 7 positions will be signed. Dollar ($) and decimal (.) will not appear.

[3] If no earnings are present, "0000000" will appear.

EXHIBIT D

SPECIMEN STATEMENT OF 1951 TO DATE ANNUAL EARNINGS TOTALS ON PINFEED FORM FOR A RESOLVED EXCEPTION ITEM WHERE MAGNETIC TAPE IS FURNISHED

```
      1                                                      2
/000-00-0000/                                           /JOB 759C /

          3                          4
/SAMPLE      JOHN      D/  /XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX/

51   0000.00   52    1167.75   53    375.85   54    703.95   55    236.25

56    681.00   57     246.20   58   0000.00   59   0000.00   60    939.83

61   1329.11   62    1477.90   63   1483.85   64   1779.17   65    200.00
                        5
66   2500.00   67  /3804.13/   68   5325.30   69   2391.21   70   3251.65

71   7800.00   72    8500.00   73   8500.00   74  10800.00   75  14100.00

76  15300.00   77    2150.75   78   8000.00   79   9000.00   80   7500.00

81  10000.00   82   11000.00   83  12000.00   84  15000.00

---------------------------------------------------------------------------
```

DATA ENTERED ON STATEMENT OF EARNINGS

1. Social Security number.
2. Job Number.
3. Name of Social Security number holder.
4. Data from columns 45 through 79 of input card.
5. Annual total (includes wages, self-employment income, and tips).

EARNINGS INFORMATION

1. Because of increasing demands upon the Social Security Administration's (SSA) resources, we must restrict our assistance to the furnishing of information not readily available from other sources. Accordingly, your organization should use any available data from non Social Security Administration sources to the extent possible.

2. The agreement shows the estimated cost of furnishing the data requested. However, the actual cost, for which your organization will be billed, may be more or less than the estimated amount. Further, you will be billed on a quarterly basis for cases completed during the calendar quarter (e.g., January-March, April-June, etc.). In addition, a one time charge for agreement initiation will be billed to you upon receipt of the approved agreement.

3. The estimated costs of services on the attached SSA-1235 U5 reflect changes due to P.L. 97-35. This legislation permits the Social Security Administration to collect the full costs of providing program information for nonprogram purposes to requesters.

4. Your organization should use the sample forms as a guide in preparing request forms to be signed and dated by your members.

   The Tax Reform Act of 1976, and related Internal Revenue Regulations, have added certain requirements for the release of earnings information. These requirements are in addition to those issued by the Department of Health and Human Services in response to the Privacy Act of 1974. Requirements that you should be aware of are:

   o An authorization for release of earnings information must be received by the Social Security Administration no later than 60 days after it was signed by the number holder. This means that any authorization with a date more than 60 days old will not be honored and will be returned to you.

   o Continuing or open-ended authorizations used for monitoring employees activities after retirement must be submitted to the Social Security Administration within 60 days of signing by the individual in order to be acceptable. After acceptance, the Social Security Administration will return the authorizations for your use in requesting earnings information when required.

   o An authorization for the release of earnings information from a deceased individual's record must contain the signature of the legal representative of the estate or be signed by someone who has a "material interest." A person with a "material interest" is one who may be entitled to plan benefits.

(Continued)

EARNINGS INFORMATION

5. At least 60 days should be allowed for processing all requests for annual earnings data.

6. There is a delay or "lag" period which results from the annual reporting of earnings data. Because of the time required to process earnings reports, all the earnings information may not be available until the year following the year the earnings were reported.

7. Any questions your organization has concerning the services furnished under the agreement should be addressed to:

   Social Security Administration
   Office of Pre-Claims Requirements
   Attention: Division of Records Use and
   State Reporting
   3-F-18 Operations Building
   6401 Security Boulevard
   Baltimore, Maryland 21235

8. The Social Security Administration contact, whose name appears on the agreement form can be reached by telephone at (301) 594-3598.

Commissioner **Hardy**. I would like to comment that since 1985 we have had 24,000 individuals total come in from Benefacts on the tapes.

Mr. **Moody**. I do not doubt that the number is small now. But if the principles are that we will sell——

Commissioner **Hardy**. And that most of those people would be asking for an earnings record in order to make sure we protect them as future beneficiaries; they are not going to be current beneficiaries. The current beneficiary has his check. It is those others—it is people in pre-beneficiary time who are going to be asking for earnings statements.

Mr. **Moody**. Okay. Well, I second the gentleman's request for——

Commissioner **Hardy**. I will submit the contract.

Mr. **Moody**. And also a copy of a sample release form. Can you include a sample of the release form that comes to you? I will yield to the gentleman and then I'll quit.

Mr. **Daub**. I just would say that the point the gentleman is making is that when you back the information that you provide as a result of the request into a computer, it doesn't take an actuary or someone that thinks like an insurance agent very long to take the actual earnings record or even just the projected Social Security entitlement and estimate what that person's economic strata is.

If I might have the gentleman's attention.

Mr. **Moody**. I'm sorry.

Mr. **Daub**. You can compute backward from that data to determine whether this person ought to be in category A, B or C for the purposes of the list being sold for some offering by a direct mail house; that is, this group of people probably has a net worth of $300,000 over their lifetime because of their earnings, or the Social Security check that they may get perhaps 10 years from now because these people are between 55 and 65. They're not yet Social Security eligible.

Mr. **Moody**. Right.

Mr. **Daub**. And I'm not saying there is any abuse or that this company is doing anything wrong or that anybody else would, but it's not a bad idea to look at our policy as we automate and become more computerized in this world. This is one of the things that I hope you are state of the art and leading the charge on, and I think it's a worthwhile policy question that shouldn't be belabored any more. We don't want to make a mountain out of a molehill.

But I think there is an interesting problem there, and if other organizations like those we've had testify in front of us before, Mr. Moody, happen to start getting really big into this business, I would worry a little bit about the abuse that might occur.

Commissioner **Hardy**. Well, one of the ways to solve this, gentlemen, could be that Social Security does a better job which we are trying to do in sending out our own earnings statements that are equally as inexpensive as going to Benefacts and equally as comprehensive, therefore, putting out of the market or out of competition any of these other firms, and that's what I'm aiming toward.

Mr. **Moody**. To which we say hear, hear. But I still think if you don't have a policy position on it, you have the potential for highly lucrative, commercial exploitation of something that was developed at taxpayer or ratepayer expense when, as my colleague says, if you take income data, you can extrapolate backward to know asset data pretty closely.

If people are still in the 61- to 65-year-old bracket, you've got a pretty darn lucrative market if you skim certain cream off that. But let's not belabor it. You know what we're asking for. Let's look at the materials and go from there.

Thank you.

Commissioner HARDY. Thank you.

[The following was subsequently received:]

We have verified with IRS staff that neither the Internal Revenue Code nor IRS regulations put any specific limitations on what a third party may do with earnings information provided to the third party at the specific request of the individual. The Privacy and Freedom of Information Acts also do not place any specific restrictions on subsequent use of data released to a third party at the request of the individual. However, the release statement for the subject individual's signature included in reimbursable agreements with third parties does specify the use for which the individual is authorizing release of the data to the third party.

Chairman JACOBS. Mr. Levin.

Mr. LEVIN. Briefly while we're on the subject of information, when you were last here, you said you'd send us some information about your contacts with the National Committee to Preserve Social Security and Medicare.

Commissioner HARDY. And that has not been submitted, sir?

Mr. LEVIN. No.

Commissioner HARDY. We will submit that. I apologize. Yes.

Mr. LEVIN. Just quickly, as I understand it, the goal of the Social Security Administration is to reduce personnel FTE by about 17,000 over a 5-year period?

Mr. SABATINI. Six.

Mr. LEVIN. Over a 6-year period.

Commissioner HARDY. Yes.

Mr. LEVIN. How is the figure 17,000 arrived at?

Mr. SABATINI. The 17,000 was basically derived from looking at the kinds of management, systems and procedural improvements that we could make. Approximately a third of that total is attributed to improvements that we would anticipate from our systems modernization efforts between 1984 and 1990.

Mr. LEVIN. Do you have a document that, in a few pages, looks at the improvements, the greater efficiencies and attributes numbers of employees to that?

Commissioner HARDY. Yes.

Mr. SABATINI. Yes. That document was submitted in 1985 with our fiscal year 1986 budget submission that showed a 17,000 reduction as an out-year target and a direction that we would be moving to. We also made it very clear at that time that this was not a number that we fixed or carved in stone, that it was a goal that we were going to try to attain and that we would proceed in that direction very carefully and looking at our progress on a year-by-year basis through the budget cycle.

[The following was subsequently received:]

An excerpt from pages 213 through 215 of SSA's fiscal year 1986 congressional budget justification concerning the long-term full-time equivalent reduction plan is attached. These pages provide a synopsis of the improvements, the greater efficiencies and the numbers of employees involved.

Employment and Overtime

A. Sustained long-term productivity growth

The gradual transition from antiquated computer systems to a modern, efficient, state-of-the-art system will automate large volumes of work now done manually. This transition, together with efforts to improve procedures, are expected to reduce employment requirements in SSA by improving the productivity of SSA staff and at the same time to improve service to the public.

Although during the past 2 years, largely as a result of systems and procedural improvements, employment in the Social Security Administration has declined by the full-time equivalent (FTE) of about 2,500 employees, service to the public has significantly improved. Large backlogs of work have been reduced, and the public is getting a faster response to its requests for service. These employment reductions have been accomplished without reductions-in-force.

More significant data processing enhancements as a result of Systems Modernization Plan projects will occur in the 6-year period, FY 1985 through FY 1990. A further, gradual reduction of 17,000 FTE's is planned for this period. This reduction is commensurate with the amount of work agency employees will have to perform under the modernized systems now being developed.

Full-time equivalents measure the cumulative workyears of effort during the fiscal year by full-time, part-time and temporary employees subject to employment ceilings. The FY 1986 President's budget for the limitation on administrative expenses (LAE) account reflects the portion of the 6-year plan which will be achieved during FY 1985 and FY 1986, as shown in the following table:

Limitation on Administrative Expenses--FTE's

	FY 1984	FY 1985	FY 1986	FY 1990 Target
FTE's...........	79,951	78,038	76,349	62,945
Change from prior year.....	---	-1,913	-1,689	N/A
Change from FY 1984........	---	-1,913	-3,602	-17,006

For the most part, the planned employment levels are based on reduced workyear requirements as SSA's Systems Modernization Plan is fully implemented over the next few years and more and more work previously done manually, is automated. At the same time, modernization is expected to improve service to the public. Savings during the 6-year period are expected from:

--modernization of the OASDI claims processing system;

--modernization of the SSI claims processing system;

--expansion of district office final authorization to cases currently referred to the program service centers for final authorization and payment of initial claims;

--implementation of a project to improve the efficiency and cost effectiveness of SSA's program delivery structure;

--reductions in SSA staff/support positions where employees are not involved in direct service to the public or processing of claims and postentitlement workloads; and

--other ongoing systems enhancements and procedural improvements, including savings from reviews of functions under OMB Circular A-76 procedures. Under these procedures, the Government competes with outside contractors to arrive at the most economical alternative for the accomplishment of certain tasks.

In order to provide for a smooth transition to modernization, without adverse effects on either employees or public service, the staffing plan will provide for retraining and relocation of employees as the new processes are implemented. We hope to accomplish the FTE reduction plan without resorting to reduction-in-force procedures. To assist SSA in this effort, the Administration proposes a change to FY 1986 LAE appropriations language which would permit use of the contingency reserve to meet the costs resulting from the impact of automation on the workforce--e.g., retraining, relocation, etc. In addition, the FY 1986 request includes an increase in the contingency reserve to $175 million to provide the flexibility to deal with the many uncertainties associated with implementation of the disability reform legislation and the management of the staffing reduction plan.

Mr. **Levin**. With the 1985.

Mr. **Sabatini**. It's with the fiscal year 1986 budget and then updated each year thereafter.

Mr. **Levin**. Okay. By the way, over that same period of time, what's the expected attrition number?

Mr. **Sabatini**. The attrition number has run approximately 4,000 full time, permanent individuals each year, and about 1,000 part-time permanent.

Mr. **Levin**. So the number reduced by attrition is essentially equivalent to the 17,000?

Mr. **Sabatini**. No. The attrition rate is significantly higher than what the reduction would be.

Mr. **Levin**. Four times six would be 24,000 FTE, right?

Mr. **Sabatini**. And then another 3,000 or so FTE that would come from the attrition rate among part time.

Mr. **Levin**. And has the attrition rate been at the level you expected?

Mr. **Sabatini**. Yes, sir.

Commissioner **Hardy**. Yes.

Mr. **Levin**. No further question.

Mr. **Daub**. Mr. Chairman, I had one other question, if I might.

Commissioner, if you know, how many full-time employees does the union have on payroll now?

Commissioner **Hardy**. You mean who are working 100 percent for the union on our payroll?

Mr. **Daub**. Working 100 percent of the time for the union.

Commissioner **Hardy**. About 50 persons in the field offices.

Mr. **Daub**. Who pays their pay check? Where does their pay check come from?

Commissioner **Hardy**. Social Security Administration. Just like any other employee.

Mr. **Daub**. Even though 100 percent of their day is spent on union business and not on Social Security Administration and Social Security beneficiary work?

Commissioner **Hardy**. Yes, sir.

Mr. **Daub**. Fifty people. Do you have a figure on how much payroll that amounts to? If you don't, can you get it for me?

Commissioner **Hardy**. Yes. It is more than $4 million for all official time used for union business.

[The following was subsequently received:]

The following chart shows the number and costs of union officials who spend 100 percent of their time on union business.

	Number of Officials			Cost of Officials (Official time plus fringe benefits)
	Field	Other	Total	
1982	8	25	33	$ 906,713
1986	38	25	63	$1,730,999
Current	49	25	74	$2,047,151

The following figure reflects the amount of official time and fringe benefit costs for all employees working on union business for fiscal year 1986. It includes those employees who spend 100 percent of their time on union activities and those who spend some time on union activities and some time on Agency work. Associated costs are also included.

1986	Union official time costs	$2,912,902
	Union fringe benefits	378,677
	Union travel/per diem	117,083
	Union overhead costs	637,579
	Office space	158,033
	Arbitration expenses	177,433
	Telephones	19,698
		$4,401,405

Mr. **Daub**. $4 million in payroll. Does that include benefits and everything else or just the strict payroll?

Mr. **Sabatini**. That's payroll and it also includes travel and per diem costs that the agency has to pay.

Mr. **Daub**. And the money comes out of the trust fund?

Commissioner **Hardy**. Yes.

Mr. **Daub**. $4 million. How many years has this been going on? I mean, is there an agreement or a contract as part of the collective-bargaining process?

Commissioner **Hardy**. Part of the full-time union personnel has been part of the contract. It increased significantly over the past couple of years because of an arbitrator that has ruled against management so it has increased significantly.

Mr. **Daub**. Like from when to when and what to what year? I don't have those figures.

Mr. **Sabatini**. Well, over the last approximately year and a half, the cost has gone up significantly and we anticipate that it will continue to grow as a result of an arbitrator's decision that said we cannot deny a request for the use of official time by a union official.

We must grant it. If we disagree with the need for that time, we subsequently can file a grievance. That issue is currently being litigated in the circuit court.

Mr. **Daub**. It is currently being litigated?

Mr. **Sabatini**. Yes, sir.

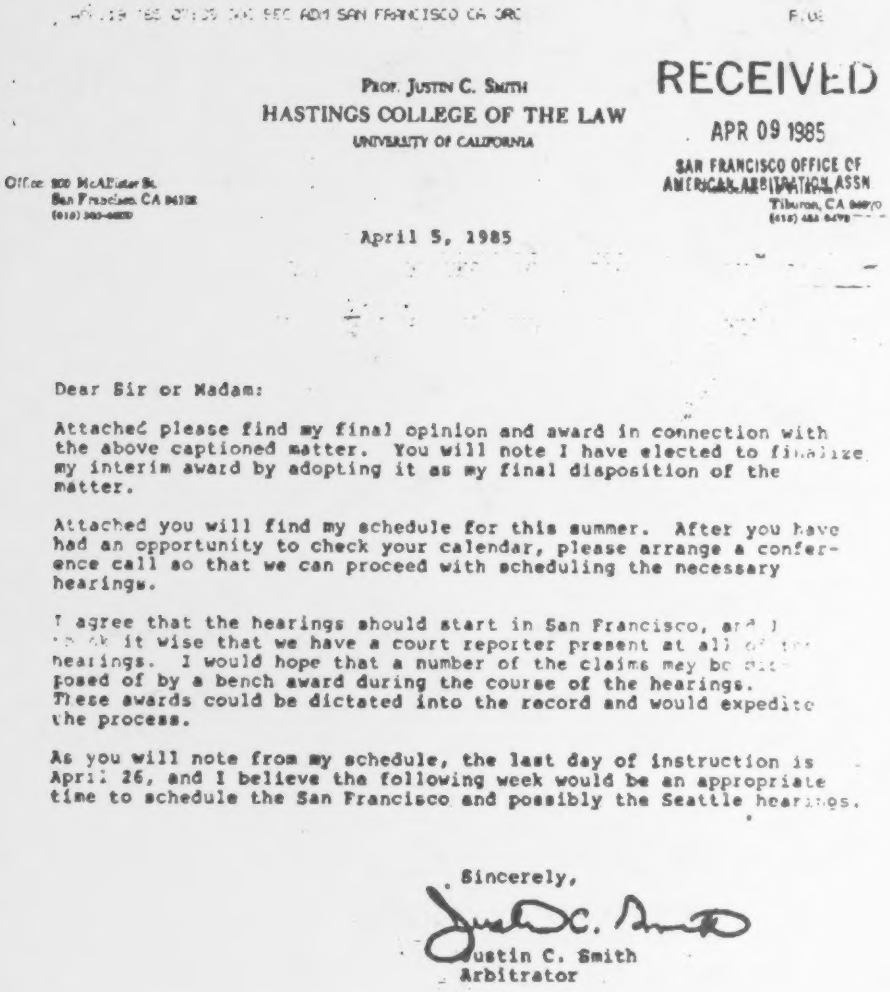
Mr. **Daub**. Is this number of full-time union representatives devoting their time to the union's purposes comparable to other departments of government that have collective-bargaining agreements?

Commissioner **Hardy**. Given the fact that it was considerably lower, I'd say no, it's not comparable, and it must be considerably higher than most other parts of the government. It's my understanding that before all this arbitration discussion we were looking at about 6 to 10 full-time personnel, 100-percent union.

Mr. **Daub**. Would you furnish my office with the arbitrator's decision if it was in writing?

[The following was subsequently received:]

Attached is a copy of Arbitrator Justin C. Smith's final decision on the use of official time by union officials.



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RECEIVED
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SAN FRANCISCO OFFICE OF
AMERICAN ARBITRATION ASSN

PROF. JUSTIN C. SMITH
HASTINGS COLLEGE OF THE LAW
UNIVERSITY OF CALIFORNIA

Office 200 McAllister St.
San Francisco CA [illegible]
[illegible]

Tiburon, CA [illegible]
[illegible]

April 5, 1985

Dear Sir or Madam:

Attached please find my final opinion and award in connection with the above captioned matter. You will note I have elected to finalize my interim award by adopting it as my final disposition of the matter.

Attached you will find my schedule for this summer. After you have had an opportunity to check your calendar, please arrange a conference call so that we can proceed with scheduling the necessary hearings.

I agree that the hearings should start in San Francisco, and I think it wise that we have a court reporter present at all of the hearings. I would hope that a number of the claims may be disposed of by a bench award during the course of the hearings. These awards could be dictated into the record and would expedite the process.

As you will note from my schedule, the last day of instruction is April 26, and I believe the following week would be an appropriate time to schedule the San Francisco and possibly the Seattle hearings.

Sincerely,

Justin C. Smith

Justin C. Smith
Arbitrator

IN ARBITRATION PROCEEDINGS PURSUANT TO
AGREEMENT BETWEEN THE PARTIES

In the Matter of the Arbitration)
)
between)
)
AMERICAN FEDERATION OF GOVERNMENT)
EMPLOYEES)
)
and)
)
SOCIAL SECURITY ADMINISTRATION)
)

ARBITRATOR'S AWARD

Case No. 74-30-0228-82

ARBITRATOR:

PROFESSOR JUSTIN C. SMITH
University of California
Hastings College of the Law
200 McAllister Street
San Francisco, CA 94102

BACKGROUND

On February 22, 1984, the Arbitrator entered an interim award in the above captioned matter. Subsequently, the Social Security Administration appealed portions of this award. On October 31, 1984, the Federal Labor Relations Authority in FLRA no. 0-AR-738 affirmed the Arbitrator's award.

On January 23 & 24, 1985, a hearing was convened in the office of the American Arbitration Association, 445 Bush Street, San Francisco, CA, for the purpose of determining how the parties might proceed to implement this award. A transcript of this hearing was prepared and received by the parties some three weeks later.

On March 20, 1985, the Union's post-hearing brief was received by the Arbitrator and on March 27, 1985, the Social Security's post-hearing brief was received by the Arbitrator.

AWARD

One:	The Arbitrator's interim award, dated February 22, 1984, shall become the Arbitrator's final award in the above captioned matter.
Two:	The Arbitrator continues to retain jurisdiction over this matter for the purpose of interpretation or enforcement of this award.
Three:	The covered claims period shall conclude with the signing of this award.
Four:	The parties are directed to confer with the Arbitrator as to mutually convenient dates for the purpose of reviewing denied claims which have been timely filed.
Five:	Each side shall have one representative present at the above mentioned hearings. Management will pay for the travel and per diem pay of these representatives. Each side is urged to use affadavits or documentary proof to support its position on a given claim, in order that the matter may be expeditiously placed before the Arbitrator. A transcript of the hearings will be provided to the Arbitrator at management's expense.
Six:	Where practicable, the Arbitrator will render a bench award.

Seven: In those instances in which the Arbitrator believes an indepth hearing is necessary to dispose of a particular claim, he shall order such hearing. However, such hearing will not take place until the Arbitrator has heard all of the outstanding claims and has entered a decision on as many of them as is practicable.

Justin C. Smith

April 5, 1985

Justin C. Smith
Arbitrator

cc: FLC [illegible] +1
[illegible] (2)

PROFESSOR JUSTIN C. SMITH
University of California
Hastings College of the Law
200 McAllister Street
San Francisco, CA 94102

IN ARBITRATION PROCEEDINGS PURSUANT TO AGREEMENT BETWEEN THE PARTIES

In the Matter of the Arbitration)
between)
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES)
and)
SOCIAL SECURITY ADMINISTRATION)

ARBITRATOR'S INTERIM
OPINION AND AWARD
Case No. 74-30-0228-82

American Arbitration Association
445 Bush Street, Suite 500
San Francisco, CA 94104

February 22, 1984

APPEARANCES:

GAYLA REITER, American Federation of Government Employees, 501 Lynbrook Drive, Pacifica, California 94044, appearing for the American Federation of Government Employees.

WITULD SKWIERCZYNSKI, National Council of Social Security Administration, 4415 North Milwaukee Avenue, Chicago, Illinois 60630, appearing for the American Federation of Government Employees.

JOHN R. JIMENEZ, Social Security Administration, 350-90th Street, Third Floor, Daly City, California 94015, appearing for the American Federation of Government Employees.

WILSON SCHUERHOLZ, Labor Relations Staff, Social Security Administration, Room G-I-10, West High Rise, 6401 Security Boulevard, Baltimore, Maryland 21235, appearing for the Social Security Administration.

JOHN EMANUEL, District Manager, Social Security Administration, 210 Elm Road Southeast, Warren, Ohio 44482, appearing for the Social Security Administration

PAUL AVCA, Branch Chief, Division of Labor Relations, Social Security Administration, Room G-I-10, West High Rise, 6401 Security Boulevard, Baltimore, Maryland 21235, appearing for the Social Security Administration.

JILL HASTINGS, 457 Ella Street, Pittsburgh, Pennsylvania 15221, appearing on behalf of the American Federation of Government Employees.

JOHN RIRIRDAN, American Federation of Government Employees Local 3369, 1515 Broadway, Eighth Floor, New York, New York 10036, appearing on behalf of the American Federation of Government Employees.

JOHN HARRIS, Council 220, 316 Robert Street, Room 185, St. Paul, Minnesota 55101, appearing on behalf of the American Federation of Government Employees.

Background

This award is being issued in interim form. For several reasons the Arbitrator is retaining jurisdiction for the purpose of its interpretation or enforcement.

First, the dispute is the product of a distressed grievance process in that this grievance is comprised of an alleged 1000 instances of contract violations covering thirty or so issues. Some of the issues cover union/management grievances, while others represent employee grievances.

The process is further complicated by the fact that in some instances the Union has asked the Arbitrator to construe the agreement, while in other instances the Union has requested that those suffering economic loss or inconvenience be "made whole".

A further variable is introduced by the fact that in many of the alleged instances of contract violation the parties simply are unable to document what happened, i.e., did the aggrieved employees later receive official time or were they compelled to use annual leave time to discharge their representative responsibilities?

True, those Union officers who were present at the hearing and who testified could document their own experiences, but their testimony certainly would not support a "make whole" request for claims submitted on behalf of others.

Additionally, the recent United States Supreme Court opinion, Bureau of Alcohol, Tobacco and Firearms, Petitioner v. Federal Labor Relations Authority, et al, reported in Law Week, Vol. 52, No. 21, raises a number of questions which will doubtless occupy the courts for the next decade.

Finally, little purpose would be served by rendering thirty to forty page opinions in all thirty issues. Accordingly, the Arbitrator has elected to render his interim award in outline form addressing those issues framed by the Union's grievance received into evidence at the August 2, 1983 hearing.

It is hoped that by using this open format the parties will have a basis for a better understanding of the agreement which they have entered into and develop a more workable relationship.

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

REPRESENTING OVER 40,000 SOCIAL SECURITY EMPLOYEES WORKING IN OVER 1,300 FIELD INSTALLATIONS ACROSS THE NATION, PUERTO RICO AND PACIFIC ISLANDS

501 Lynbrook Dr.
Pacifica, California 94044
10/26/82

J. #10

Will Schuerholz, Labor Relations Specialist
Field Branch, SSA
Division of Labor Relations
6401 Security Blvd.
Baltimore, Maryland 21235

Dear Mr. Schuerholz,

On 7/13/82 John Harris, President of the National Council of SSA Field Operations Locals (C220), initiated a grievance on Official Time. On 8/20/82, Management representatives (Will Schuerholz, Bob Johnson, Patricia Owens) met with Council 220 representatives (John Harris, John Riordan, Gayla Chappell) to discuss the grievance. You replied 8/30/82 giving management's understanding of the issues and your response. We had a further meeting on Thursday 9/30 in which John Riordan and myself gave Bob Johnson and you specific examples of the issues. Numerous SSA 75's were shown to you and discussed at this meeting.

We agreed to furnish a more explicit written document with representative SSA 75's attached. Both parties discussed and agreed that this would be a representative sample and would not include all instances of Official Time denials for any given issue. We agreed that any make whole remedy would cover anyone affected by the issue whether their specific 75 were provided. We concluded that a majority of the issues discussed would not be resolved short of arbitration. We reached understandings concerning witnesses travel/per diem for the arbitration. You indicated the agency would pay witness travel and per diem and that we would exchange list of witnesses sufficiently in advance of the arbitration (Minimum of 21 days) so that any objections to a given witness could be resolved in sufficient time for Official Travel to be arranged. Of course this would not exclude either party from calling a witness not previously listed at some later point should the need arise due to unforeseen developments.

At present we have 31 Official Time issues upon which we have not reached agreement. We have grouped these issues by broad areas of concern and suggest separate arbitrations be scheduled for each group of issues in order to both deal with a managable body of information and also to insure efficient financial management. It appears cost effective from an agency - management standpoint to conduct several smaller arbitrations from a witness travel standpoint. Should we have one massive grievance, many witnesses would have to be available for up to 3 to 4 weeks. This would incur considerable per diem as witnesses would have to stand by as they might be recalled for rebuttal. Additionally, there might be delays initially as it would be difficult to judge when any given witness would be called to testify. Similiarly it would be most practical to conduct the arbitrations in the city where the majority of witnesses are located. This is in keeping with Article 25, Section 5 D of the Master Agreement which calls for the hearing to be held in " the city where the dispute arose."

Please give us your written response to each of the issues listed below within ten days. Since you have indicated that resolution short of arbitration on any of these issues is not likely, please contact me in the near future to discuss the manner of arbitrating this dispute including the number of arbitrations, sites of the arbitrations, procedural and administrative details regarding scheduling the arbitration and arranging for witness travel. We would like to move forward to obtaining a list of arbitraters on the majority of these issues

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS
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GROUP I

Issue 1 Management is interpreting reasonable time too harshly. This includes cutting back unilaterally on the amount of time or arbitrarily reassigning the time to another time. Management is often substituting their judgement for that of the Union Representative regarding the amount of time needed.

180 Representative Examples Attached

Issue 8 Management is overusing the exigency of business as a reason for denying time. This also includes arbitrary restrictions upon when Official time can be taken such as restriciting it to adjudication periods.

57 Examples

ue 15 Management is not making timely responses to Union Reps. requests for Official Time. Additionally, some Supervisors are requiring Union Reps. to submit requests 24 hours in advance without exception which is often impossible.

49 Examples

ue 27 Management is charging and thereby attempting to limit, Union Rep's time to the J2 time. Management is often including other administrative time such as representing an employee in an EEO matter, or giving a statement to an EEO Counselor in the J2 time. Management is not recognizing reasonabl time given to Local President designees to do employee grievances and arbitrations. Management is often putting an artificial cap on official time and not permitting more than 4 hours per week.

20 Examples

OUP II

sue 2 Management is requiring too much from Union Representatives in regard to explaining the nature of business for receiving official time. The Union asserts that we only have to give enough information so that management can ascertain the activity is not internal Union business and that the burden is upon management to prove that a given activity is not appropriate before denial of time is appropriate.

236 examples

sue 3 Management is rejecting requests for time by saying that the reason listed is not appropriate. The Union asserts we should be given a great amount of flexibility in this regard and that requests should be evaluated liberally.

129 Examples

6 Management is inappropriately requiring the Union to put the name of the offi or the grievant on the SSA 75. This has a chilling effect upon Labor Relatio and the Unions ability to provide confidentiality.

26 Examples

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS
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FIELD INSTALLATIONS ACROSS THE NATION, PUERTO RICO AND PACIFIC ISLANDS

7 Management is denying official time requests for not being specific and is also denying the representatives LWOP and/or Annual Leave to work on the matter.

8 examples

III

11 Management in many locations is not recognizing the Union's structure and its lists of designees. Management is frequently interferring with the internal business of the Union by attempting to regulate what its lines of communication and structure should be, including attempting to veto our choices of representative, our internal organization, etc.

81 Examples

e 29 Management is denying time for Union Reps to solicit and receive advise or information from higher or more knowledgable Officials withing the Union. Likewise, Officers of the Union are being prohibited from communicating regarding legitimate L.M.R. with the Union Reps in their respective areas.

48 Examples

[illegible] Management is not allowing Union Officials to transfer their time to appointees when they are absent.

6 Examples

ue 10 Management is incorrectly limiting Council Officers in their use of Official Time. 30 Examples

UP IV

ue 12 Management is not allowing represnetatives to talk to employees on Official Time unless the employee specifically asks to talk to the Union.

7 Examples

sue 22 Management is denying time for Union Reps to investigate or research grievances/ULP's, etc. offsite, such as go to the law library. A subissue concerns whether comp time or overtime can be given for forcing a Union Rep to perform work during the evening or weekends due to denial of Official Time for appropriate activities. 28 Examples

ROUP V

ssue 24 Management is refusing to bergin over proposed changes in official time procedures in their areas. 15 Examples

ssue 9 Management is deciding unilaterally on items in the contract which provide for the parties to determine jointly. 2 Examples

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS
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FIELD INSTALLATIONS ACROSS THE NATION, PUERTO RICO AND PACIFIC ISLANDS

28 Management is not approving time for what they label as "Regional or National" issues, yet our procedures call for submitting 75% to line Supervisors. 2 Examples

14 Management is unilaterally setting the number of negotiators in District and Branch offices, instead of bilaterally making arrangements with the Union. 7 Examples

26 Management is denying time for Union Reps to prepare for negotiations including polling employees and writing counterproposals. 2 Examples

p VI

e 4 Management is not allowing onsite Union Reps to have a representative at the first and second step of the greivance procedure or during Weingarten or other discussions. Management is also denying time for individuals other than the Local Rep. to represent a grievant even when the Local Rep. is inexperienced and the situation is unusual. 26 Examples

ue 20 Management is not approving time for Union Reps to engage in activities with Congress. 7 Examples

UP VIII

ue 30 Management is refusing to grant time for Technical Assistants at arbitrations for preparation prior to the hearing such as interviewing witnesses, copying exhibits, etc. 14 items

ue 2 Management is refusing to give Official Time for travel for representation. 17 examples

sue 31 Management refuses to pay for travel when the Union Rep is on approved Official time. 7 examples

OUP IX

sue 5 Management is refusing to approve Official Time for Union Reps to investigate pre-filing problems and complaints. This item was the same as Issue 17. 17 Examples

ssue6 * Management is denying Official time for issues that it considers to be non-grievable, such as audits, progress reviews and performance improvement plans. Management is also refusing to meet on grievances regarding this subject.
*— Management in their reply to our grievance meeting stated that they agreed to approve official time for these areas pending clarification through arbitration. They agreed to meet on these issues in the interim. We will defer to Local and Regional grievances on this issue at this time as it can be brought up as a threshold issue in specific grievances.

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P X

ue 18 Management has denied Official Time for Union Reps to attend OSHA trainging.
9 Examples

ue 23 Management is denying Official Time for Union Officials to attend training seminars or to receive training on LMR such as grievance, arbitration, ULP, and various technical courses. 7 Examples

JP XI

ue 13 Management is not meeting on grievances filed under Article 24, Section 10. The Union asserts that a Section 10 dispute can arise at the Local, Regional or National level and Management is obligated to honor the contract and attend a meeting if the Union desires such meeting. 13 Examples

Management is not allowing the Union to have extensions of time where there is a short timeframe (oral reply on a suspension) and/or management is requiring a written designation of the Union Rep. prior to approving time.

We will not pursue this issue, but will defer to the Locals and Regional units pursuing this as a threshold issue in each specific grievance.

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LAW WEEK

EXTRA EDITION NO. 1
Supreme Court
Opinions

November 29, 1983 • THE BUREAU OF NATIONAL AFFAIRS INC., WASHINGTON, D.C. • Volume 52, No. 21

OPINION ANNOUNCED NOVEMBER 29, 1983

The Supreme Court decided:

UNITED STATES—Employees

Civil Service Reform Act's requirement that federal agencies grant "official time" to employees representing their unions in collective bargaining with agencies, thus allowing employee negotiators to be paid as if they were at work whenever they bargain during hours they would otherwise be on duty, does not also entitle employee union representatives to per diem allowances and reimbursement for travel expenses incurred in connection with collective bargaining. (Bureau of Alcohol, Tobacco and Firearms v. Federal Labor Relations Authority, No. 82-799) .... page 4013

Full Text of Opinions

No. 82-799

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, PETITIONER *v.* FEDERAL LABOR RELATIONS AUTHORITY ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Syllabus

No. 82-799. Argued October 11, 1983—Decided November 29, 1983

The Civil Service Reform Act of 1978 (Act) in 5 U. S. C. § 7131(a) requires federal agencies to grant to employees representing their union in collective bargaining with the agencies "official time . . . during the time the employee otherwise would be in a duty status." This allows the employee negotiators to be paid as if they were at work, whenever they bargain during hours they would otherwise be on duty. The Federal Labor Relations Authority (FLRA) in an "Interpretation and Guidance" of general applicability construed § 7131(a)'s grant of official time as also entitling employee negotiators to a per diem allowance and reimbursement for travel expenses incurred in connection with collective bargaining. In this case, the Court of Appeals enforced an FLRA order requiring petitioner federal agency to pay an employee union representative per diem and travel expenses in addition to his salary, finding the FLRA's interpretation of the statute "reasonably defensible."

Held: The FLRA's interpretation of § 7131(a) constitutes an "unauthorized assumption by [the] agency of [a] major policy decisio[n] properly made by Congress." *American Ship Building Co.* v. *NLRB*, 380 U. S. 300, 318.

(a) While reviewing courts should uphold an agency's reasonable and defensible constructions of its enabling statute, they must not "rubber-stamp . . . administrative decisions that they deem inconsistent with a statutory mandate or that frustrate the congressional policy underlying a statute." *NLRB* v. *Brown*, 380 U. S. 278, 291-292.

(b) Here, there are no indications in the Act or its legislative history that Congress intended employee negotiators to be allowed per diem and travel expenses on the theory that they are engaged in Government business. The Act's declaration that collective bargaining contributes to efficient government and therefore serves the public interest does not reflect a dramatic departure from the principles which applied prior to passage of the Act pursuant to a program established by an Executive Order and under which employee negotiators had not been regarded as working for the Government. Nor do the specific provisions of the Act aimed at equalizing the positions of management and labor suggest that Congress intended employee negotiators to be treated as though they were "on the job" for all purposes. The qualifying language of § 7131(a) under which the right to a salary is conferred only when "the employee otherwise would be in a duty status" strongly suggests that the employee negotiator is not considered in a duty status while engaged in collective bargaining and thereby entitled to all of the normal forms of compensation.

(c) The FLRA's interpretation of § 7131(a) is not supported by the Travel Expense Act, 5 U. S. C. § 5702, which authorizes a per diem allowance for a federal employee "travelling on official business away from his designated post of duty." Neither Congress' declaration that collective bargaining is in the public interest nor its use of the term "official time" warrants the conclusion that employee negotiators are on "official business" of the Government.

672 F. 2d 732, reversed.

BRENNAN, J., delivered the opinion for a unanimous Court.

JUSTICE BRENNAN delivered the opinion of the Court.

Title VII of the Civil Service Reform Act of 1978 ("Act"), Pub. L. No. 95-454, 92 Stat. 1111, 5 U. S. C. § 7131(a), requires federal agencies to grant "official time" to employees representing their union in collective bargaining with the agencies. The grant of official time allows the employee negotiators to be paid as if they were at work, whenever they bargain during hours they would otherwise be on duty. The Federal Labor Relations Authority ("FLRA" or "Authority") concluded that the grant of official time also entitles employee union representatives to a per diem allowance and reimbursement for travel expenses incurred in connection with collective bargaining. 2 F. L. R. A. 265 (1979). In this case, the Court of Appeals for the Ninth Circuit enforced an FLRA order requiring an agency to pay a union negotiator travel expenses and a per diem, finding the Authority's inter-

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tation of the statute "reasonably defensible." 672 F. 2d

Three other Courts of Appeals have rejected the struction of the Act.[4] We granted certiorari to conflict. 459 U. S. —— (1983), and now reverse.

I

A

Title VII of the Civil Service Reform Act, part of a com-ehensive revision of the laws governing the rights and ob-ations of civil servants, contains the first statutory scheme verning labor relations between federal agencies and their ployees. Prior to enactment of Title VII, labor-manage-ent relations in the federal sector were governed by a pro-am established in a 1962 Executive Order.[5] The Execu-e Order regime, under which federal employees had ited rights to engage in concerted activity, was most re-ntly administered by the Federal Labor Relations Council, ody composed of three Executive Branch management of-ials whose decisions were not subject to judicial review.[6] The new Act, declaring that "labor organizations and col-tive bargaining in the civil service are in the public inter-t," 5 U. S. C. §7101(a), significantly strengthened the posi-n of public employee unions while carefully preserving the ility of federal managers to maintain "an effective and effi-ent Government," §7101(b).[7] Title VII expressly protects e rights of federal employees "to form, join, or assist any bor organization, or to refrain from any such activity," 102, and imposes on federal agencies and labor organiza-ns a duty to bargain collectively in good faith, §7116(a)(5)). The Act excludes certain management preroga- the scope of negotiations, although an agency must er the procedures by which these management ght . exercised. See §7106. In general, unions and deral agencies must negotiate over terms and conditions of nployment, unless a bargaining proposal is inconsistent th existing federal law, rule, or regulation. See 7103(a), 7114, 7116, and 7117(a). Strikes and certain her forms of concerted actitivies by federal employees are egal and constitute unfair labor practices under the Act, 7116(b)(7)(A).

The Act replaced the management-controlled Federal abor Relations Council with the FLRA, a three-member in-ependent and bipartisan body within the Executive Branch ith responsibility for supervising the collective-bargaining ocess and administering other aspects of federal labor rela-ons established by Title VII. §7104. The Authority, the le of which in the public sector is analogous to that of the National Labor Relations Board in the private sector, see H. R. Rep. No. 95-1403, p. 41 (1978), adjudicates negotiability disputes, unfair labor practice complaints, bargaining unit issues, arbitration exceptions, and conflicts over the conduct of representational elections. See §7105(a)(2)(A)-(I). In addition to its adjudicatory functions, the Authority may engage in formal rulemaking, §7134, and is specifically required to "provide leadership in establishing policies and guidance relating to matters" arising under the Act, §7105(a)(1). The FLRA may seek enforcement of its adjudicatory orders in the United States Courts of Appeals, §7123(b), and persons, including federal agencies, aggrieved by any final FLRA decision may also seek judicial review in those courts, §7123(a).

B

Petitioner, the Bureau of Alcohol, Tobacco and Firearms ("BATF" or "Bureau"), an agency within the Department of the Treasury, maintained a regional office in Lodi, California. Respondent, the National Treasury Employees Union ("NTEU" or "Union") was the exclusive representative of BATF employees stationed in the Lodi office. In November 1978, the Bureau notified NTEU that it intended to move the Lodi office to Sacramento and to establish a reduced duty post at a new location in Lodi. The Union informed BATF that it wished to negotiate aspects of the move's impact on employees in the bargaining unit. As its agent for these negotiations, the Union designated Donald Pruett, a BATF employee and NTEU steward who lived in Madera, California and was stationed in Fresno. Bureau officials agreed to meet with Pruett at the new offices and discuss the planned move. Pruett asked that his participation in the discussions be classified as "official time" so that he could receive his regular salary while attending the meetings. The Bureau denied the request and directed Pruett to take either annual leave or leave without pay for the day of the meeting.

On February 23, 1979, Bureau officials met with Pruett at the proposed new Sacramento offices and inspected the physical amenities, including the restrooms, dining facilities, and parking areas. Pruett and the BATF officials then drove to Lodi where they conducted a similar inspection of the new reduced duty post. Finally, the group repaired to the existing Lodi office where they discussed the planned move. After Pruett expressed his general satisfaction with the new facilities, he negotiated with the agency officials about such matters as parking arrangements, employee assignments, and the possibility of excusing employee tardiness for the first week of operations in the Sacramento office. Once the parties reached an agreement on the move, Pruett drove back to his home in Madera.

Pruett had spent 11 and one half hours travelling to and attending the meetings, and had driven more than 300 miles in his own car. When he renewed his request to have his participation at the meetings classified as official time, the Bureau informed him that it did not reimburse employees for expenses incurred in negotiations and that it granted official time only for quarterly collective-bargaining sessions and not for mid-term discussions like those involved here. In June 1979, the Union filed an unfair labor practice charge with the FLRA, claiming that BATF had improperly compelled Pruett to take annual leave for the February 23 sessions.

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[4] *Florida National Guard* v. *FLRA*, 699 F. 2d 1082 (CA11 1983), cert. ending, No. 82-1970; *United States Department of Agriculture* v. *FLRA*, 1 F. 2d 1242 (CA8 1982), cert. pending, No. 82-979; *Division of Military Naval Affairs* v. *FLRA*, 683 F. 2d 45 (CA2 1982), cert. pending, No. 2-1021.

[5] Exec. Order No. 10988, 3 CFR 521 (1959-1963 Comp.). The Executive Order program was revised and continued by Exec. Order No. 11491, CFR 861 (1966-1970 Comp.), as amended by Exec. Orders Nos. 11616, 636, and 11838, 3 CFR 605, 634 (1971-1975 Comp.) and 3 CFR 957 971-1975 Comp.).

[6] The Council was established by Executive Order 11491 in 1970.

[7] Certain federal employees, including members of the military and the rvice, and certain federal agencies, including the Federal Bu-estigation and the Central Intelligence Agency, are excluded erage of Title VII. 5 U. S. C. §7103(a)(2) and (3).

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'e the charge was pending, the FLRA issued an "Inter- on and Guidance" of general applicability which re- s federal agencies to pay salaries, travel expenses, and diem allowances to union representatives engaged in collective bargaining with the agencies.[5] 2 F. L. R. A. 265 (1979). The Interpretation relied on §7131(a) of the Act, which provides that "[a]ny employee representing an exclusive representative in the negotiation of a collective bargaining agreement . . . shall be authorized official time for such purposes. . . ." The Authority concluded that an employee's entitlement to official time under this provision extends to "all negotiations between an exclusive representative and an agency, regardless of whether such negotiations pertain to the negotiation or renegotiation of a basic collective bargaining agreement." 2 F. L. R. A., at 268. The Authority further determined that §7131(a) requires agencies to pay a per diem allowance and travel expenses to employees representing their union in such negotiations. *Id.*, at 270.

Based on the NTEU's pending charge against the Bureau, the General Counsel of the Authority issued a complaint and notice of hearing, alleging that the BATF had committed an unfair labor practice by refusing to grant Pruett official time for the February 23 meetings.[6] During the course of a subsequent hearing on the charge before an Administrative Law Judge, the complaint was amended to add a claim that, in addition to paying Pruett's salary for the day of the meetings, the BATF should have paid his travel expenses and a per diem allowance. Following the hearing, the ALJ determined that negotiations had in fact taken place between ett and BATF officials at the February 23 meetings. nd to follow the recent FLRA Interpretation and Guid- e, the ALJ concluded that the Bureau had committed an unfair labor practice by failing to comply with §7131. Accordingly, he ordered the Bureau to pay Pruett his regular salary for the day in question, as well as his travel costs and a per diem allowance. The ALJ also required the BATF to post a notice stating that the agency would do the same for all employee union representatives in future negotiations. The Bureau filed exceptions to the decision with the Authority, which, in September 1980, affirmed the decision of the ALJ, adopting his findings, conclusions, and recommended relief. 4 F. L. R. A. No. 40 (1980).

The Bureau sought review in the United States Court of Appeals for the Ninth Circuit, and the Union intervened as a party in that appeal. The Bureau challenged both the FLRA's conclusion that §7131(a) applies to mid-term negotiations and its determination that the section requires payment of travel expenses and a per diem allowance. After deciding that the Authority's construction of its enabling Act was entitled to deference if it was "reasoned and supportable," 672 F. 2d at 735–736, the Court of Appeals enforced the Authority's order on both issues. *Id.*, at 737, 738. On certiorari to this Court, petitioner does not seek review of the holding with respect to mid-term negotiations. Only that aspect of the Court of Appeals' decision regarding travel expenses and per diem allowances is at issue here.

II

The FLRA order enforced by the Court of Appeals in this case was, as noted, premised on the Authority's earlier construction of §7131(a) in its Interpretation and Guidance. Although we have not previously had occasion to consider an interpretation of the Civil Service Reform Act by the FLRA, we have often described the appropriate standard of judicial review in similar contexts.[7] Like the National Labor Relations Board, see, *e. g.*, *NLRB v. Erie Resistor Corp.*, 373 U. S. 221, 236 (1963), the FLRA was intended to develop specialized expertise in its field of labor relations and to use that expertise to give content to the principles and goals set forth in the Act. See §7105; H. R. Rep. No. 95-1403, p. 41 (1978). Consequently, the Authority is entitled to considerable deference when it exercises its "special function of applying the general provisions of the Act to the complexities" of federal labor relations. *Cf.*, *NLRB v. Erie Resistor Corp.*, *supra*, at 236. See also *Ford Motor Co. v. NLRB*, 441 U. S. 488, 496 (1979); *NLRB v. Iron Workers*, 434 U. S. 335, 350 (1978); *NLRB v. Truck Drivers*, 353 U. S. 87, 96 (1957).

On the other hand, the "deference owed to an expert tribunal cannot be allowed to slip into a judicial inertia which results in the unauthorized assumption by an agency of major policy decisions properly made by Congress." *American Ship Building Co. v. NLRB*, 380 U. S. 300, 318 (1965). Accordingly, while reviewing courts should uphold reasonable and defensible constructions of an agency's enabling Act, *NLRB v. Iron Workers*, *supra*, at 350, they must not "rubber-stamp . . . administrative decisions that they deem inconsistent with a statutory mandate or that frustrate the congressional policy underlying a statute." *NLRB v. Brown*, 380 U. S. 278, 291–292 (1965). See *Allied Chemical & Alkali Workers v. Pittsburgh Plate Glass Co.*, 404 U. S. 157, 166 (1971).[8] Guided by these principles, we turn to a consideration of the FLRA's construction of §7131(a).

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[5] Although the Authority invited interested persons to express their views prior to adoption of the Interpretation, see Notice Relating to Official Time, 44 Fed. Reg. 42,788 (July 20, 1979), the decision apparently was issued not under the FLRA's statutory power to promulgate regulations, §7134, but rather under §7105(a)(1), which requires the Authority to provide leadership in establishing policies and guidance relating to federal labor-management relations. See Brief for Respondent FLRA at 11 n. 10.

[6] Section 7118 of the Act provides in part:

"(a)(1) If any agency or labor organization is charged with having engaged in or engaging in an unfair labor practice, the General Counsel shall investigate the charge and may issue and cause to be served upon the agency or bor organization a complaint. . . ."

The complaint issued by the General Counsel in this case relied on §7116 f the Act, which provides in part:

"(a) For the purposes of this chapter, it shall be an unfair labor practice for an agency—

"(1) to interfere with, restrain, or coerce any employee in the exercise by the employee of any right under this chapter;

. . . . .

"(8) to otherwise fail or refuse to comply with any provision of this chapter."

[7] The decisions of the FLRA are subject to judicial review in accordance with the Administrative Procedure Act (APA), 5 U. S. C. §706. See 5 U. S. C. §7123(c). The APA requires a reviewing court to "decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action." §706. The court must set aside agency actions and conclusions found to be "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law" or "in excess of statutory jurisdiction, authority, or limitations, or short of statutory right." §706(2)(A) and (C).

[8] Petitioner suggests that we should accord little deference to the Authority's decision in this case for two reasons. First, petitioner contends that the FLRA's conclusion that employee negotiators are entitled to travel expenses and a per diem allowance was based largely on the Authority's reading of the Travel Expense Act, 5 U. S. C. §5702, a statute the FLRA does not administer. As we understand the FLRA's decision, however, the Authority's view that the Travel Expense Act supported its conclusion derived primarily from its interpretation of §7131. See *infra*, at 17.

Second, petitioner argues that the Interpretation and Guidance is entitled to less weight since it was apparently an "interpretative rule" rather than an "administrative regulation." See n. 5, *supra*. Congress did, however, afford the FLRA broad authority to establish policies consistent

III

Se[illegible] 7131(a) of the Civil Service Reform Act provides in

> "[illegible] employee representing an exclusive representative [illegible] the negotiation of a collective bargaining agreement under this chapter shall be authorized official time for such purposes, including attendance at impasse proceeding, during the time the employee otherwise would be in a duty status. The number of employees for whom official time is authorized under this subsection shall not exceed the number of individuals designated as representing the agency for such purposes."

ecording to the House Committee that reported the bill con- rung § 7131, Congress used the term "official time" to mean aid time." See H. R. Rep. No. 95-1403, p. 58 (1978). In ght of this clear expression of congressional intent, the par- es agree that employee union negotiators are entitled to eir usual pay during collective-bargaining sessions that oc- r when the employee "otherwise would be in a duty sta- s." Both the Authority, 2 F. L. R. A., at 269, and the ourt of Appeals, 672 F. 2d, at 737, recognized that there is corresponding expression, either in the statute or the ex- nsive legislative history, of a congressional intent to pay nployee negotiators travel expenses and per diem allow- nces as well.

Despite this congressional silence, respondents advance veral reasons why the FLRA's determination that such yments are required is consistent with the policies underly- g the Act. Each of these arguments proceeds from the as- [illegible] that, by providing employee negotiators with offi- [illegible] for bargaining, Congress rejected the model of de[illegible] or relations that had shaped prior administrative actice. In its place, according to respondents, Congress bstituted a new vision of collective bargaining under which nployee negotiators, like management representatives, are nsidered "on the job" while bargaining and are therefore titled to all customary forms of compensation, including avel expenses and per diem allowances.[8] In order to evaluate this claim, it is necessary briefly to review the rights of employee negotiators to compensation prior to adoption of the Act.

A

Under the 1962 Executive Order establishing the first federal labor relations program, the decision whether to pay union representatives for the time spent in collective bargaining was left within the discretion of their employing agency,[9] apparently on the ground that, without some control by management, the length of such sessions could impose too great a burden on government business. See Report of the President's Task Force on Employee-Management Relations in the Federal Service, reprinted in Legislative History of the Federal Service Labor-Management Relations Statute, Title VII of the Civil Service Reform Act of 1978, at 1177, 1203 (Comm. Print 1979) (hereinafter "Legis. Hist."). Under this early scheme, employee negotiators were not entitled to per diem allowances and travel expenses, on the view that they were engaged, not in official business of the government, but rather in activities "primarily in the interest of the employee organization." 44 Comp. Gen. 617, 618 (1965).[10]

Executive Order No. 11491, which became effective in 1970, cut back on the previous Order by providing that employees engaged in negotiations with their agencies could not receive official time, even at the agencies' discretion. See 3 CFR 861–862, 873–874 (1966–1970 Comp.). Again, the prohibition was based on the view that employee representatives work for their union, not for the government, when negotiating an agreement with their employers. See Legis. Hist. at 1167. In 1971, however, at the recommendation of the Federal Labor Relations Council, an amending Executive Order allowed unions to negotiate with agencies to obtain official time for employee representatives, up to a maximum of either 40 hours, or 50% of the total time spent in bargaining. Exec. Order No. 11616, 3 CFR 605 (1971–1975 Comp.). The Council made clear that this limited authorization, which was intended "to maintain a reasonable policy with respect to union self-support and an incentive to economical and businesslike bargaining practices," Legis. Hist. at 1169, did not permit "overtime, premium pay, or travel expenditures." *Id.*, at 1264.

The Senate version of the bill that became the Civil Service Reform Act would have retained the last Executive Order's restrictions on the authorization of official time. S. Rep. No.

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th the Act, see §§ 7105 and 7134, and the Interpretation and Guidance as attended by at least some of the procedural characteristics of a lemaking. See n. 5, supra. See 5 U. S. C. § 553. Compare *FEC* v. *mocratic Senatorial Campaign Committee*, 454 U. S. 27, 37 (1981), with *neral Electric Co.* v. *Gilbert*, 429 U. S. 125, 141–142 (1976). In any ent, we find it unnecessary to rest our decision on a precise classification the FLRA's action. As we explain in the text, an agency acting within authority to make policy choices consistent with the congressional man- ate should receive considerable deference from courts, provided, of urse, that its actions conform to applicable procedural requirements and e not "arbitrary, capricious, an abuse of discretion, or not otherwise in cordance with law." 5 U. S. C. § 706(2)(A). See, e. g., *Batterton* v. *ancis*, 432 U. S. 416, 424–426 (1977); *FCC* v. *Pottsville Broadcasting o.*, 309 U. S. 134, 137–138 (1940). When an agency's decision is premised n its understanding of a specific congressional intent, however, it engages the quintessential judicial function of deciding what a statute means. In at case, the agency's interpretation, particularly to the extent it rests on ctual premises within its expertise, may be influential, but it cannot bind court. *General Electric Co.* v. *Gilbert*, supra; *Zuber* v. *Allen*, 396 U. S. 8, 192–193 (1969); *Skidmore* v. *Swift & Co.*, 323 U. S. 134, 140 (1944). r the reasons set out below, we conclude that the FLRA's decision in is case neither rests on specific congressional intent nor is consistent th the policies underlying the Act.

[8] [illegible] Interpretation and Guidance, the FLRA also noted that it had [illegible] construed § 7131(c), which authorizes "official time" for em- [illegible] sentatives appearing before the Authority, to require the pay- [illegible] avel expenses and a per diem allowance. 2 F. L. R. A., at 270. ee 44 Fed. Reg. 44771 (July 20, 1979). The fact that the Authority inter- eted two similar provisions of the Act consistently does not, however, emonstrate that either interpretation is correct. We, of course, express o view as to whether different considerations uniquely applicable to pro- eedings before the Authority might justify the FLRA's interpretation of 7131(c).

[9] Section 9 of Executive Order 10988 encouraged agencies to conduct general consultations with labor representatives on official time, but left them free to conduct collective-bargaining sessions "during the non-duty hours of the employee organization representatives involved in such negotiations." 3 CFR 521, 524–525 (1959–1963 Comp.).

[10] The 1962 Executive Order contained no reference to travel expenses or per diem allowances. The decision that such payments were not available was made in 1965 by the Comptroller General, 44 Comp. Gen. 617 (1965), who is authorized to give agencies guidance concerning such disbursements. See 31 U. S. C. § 3529. The following year, the Comptroller General modified his position and approved new guidelines issued by the Civil Service Commission. 46 Comp. Gen. 21, 21–22 (1966). The guidelines provided that, while employees should not generally be allowed travel expenses to attend negotiations, such expenses would be approved if an agency head certified that the employee representatives' travel would be in the "primary interest of the government." *Ibid.* An agency might make such a certification when, for example, it would be more convenient for management to meet at a particular site and more economical to pay the employees' costs of travelling there than to pay the cost for agency representatives to travel to a different site. *Ibid.* This exception to the earlier prohibition on travel expenses was, by its terms, consistent with the Comptroller General's view that employee negotiators act principally in the interest of their union and not on official business for the United States

, p. 112 (1978). Congress instead adopted the section its present form, concluding, in the words of one congressman, that union negotiators "should be allowed official time to carry out their statutory representational activities just as management uses official time to carry out its responsibilities." 124 Cong. Rec. 29,186 (1978) (remarks of Rep. Clay). See H. R. Conf. Rep. No. 95-1717, p. 111 (1978).

B

Respondents suggest that, by rejecting earlier limitations on official time, Congress repudiated the view that employee negotiators work only for their union and not for the government. Under the new vision of federal labor relations postulated by respondents, civil servants on both sides of the bargaining table are engaged in official business of the government and must be compensated equally. Because federal employees representing the views of management receive travel expenses and per diem allowances, federal employees representing the views of labor are entitled to such payments as well. In support of this view, respondents rely on the Act's declaration that public sector collective bargaining is "in the public interest" and "contributes to the effective conduct of public business," §7101(a), as well as on a number of specific provisions in the Act intended to equalize the position of management and labor. For instance, the Act requires agencies to deduct union dues from employees' paychecks and to transfer the funds to the union at no cost, §7115(a);[14] in addition, agencies must furnish a variety of data useful to unions in the collective-bargaining process, §7114(b)(4). Respondents also contend that Congress employed the term "official time" in §7131 specifically to indicate that employee negotiators are engaged in government business and therefore entitled to all of their usual forms of compensation.

Although Congress certainly could have adopted the model of collective bargaining advanced by respondents, we find no indications in the Act or its legislative history that it intended to do so. The Act's declaration that collective bargaining contributes to efficient government and therefore serves the public interest does not reflect a dramatic departure from the principles of the Executive Order regime under which employee negotiators had not been regarded as working for the government. To the contrary, the declaration constitutes a strong congressional endorsement of the policy on which the federal labor relations program had been based since its creation in 1962. See, *e. g.*, Exec. Order 10988, 3 CFR 521 (1959-1963 Comp.) ("participation of employees in the formulation and implementation of personnel policies affecting them contributes to effective conduct of public business"); Exec. Order 11491, 3 CFR 861 (1966-1970 Comp.) ("public interest requires . . . modern and progressive work practices to facilitate improved employee performance and efficiency" and efficient government is "benefited by providing employees an opportunity to participate in the formulation and implementation of personnel policies affecting the conditions of their employment"). See also S. Rep. No. 95-969, p. 12 (1978); 124 Cong. Rec. 29182 (1978) (remarks of Rep. Udall) ("What we really do is to codify the 1962 action of President Kennedy in setting up a basic framework of collective bargaining for Federal employees").[15]

Nor do the specific provisions of the Act aimed at equalizing the positions of management and labor suggest that Congress intended employee representatives to be treated as though they were "on the job" for all purposes. Indeed, the Act's provision of a number of specific subsidies for union activities supports precisely the opposite conclusion. As noted above, Congress expressly considered and ultimately rejected the approach to paid time that had prevailed under the Executive Order regime. See *supra*, at 12. In contrast, there is no reference in the statute or the legislative history to travel expenses and per diem allowances, despite the fact that these kinds of payments had also received administrative attention prior to passage of the Act, see *supra*, at 11 and n. 11. There is, of course, nothing inconsistent in paying the salaries, but not the expenses, of union negotiators. Congress might well have concluded that, although union representatives should not be penalized by a loss in salary while engaged in collective bargaining, they need not be further subsidized with travel and per diem allowances. The provisions of the Act intended to facilitate the collection of union dues, see §7115, certainly suggest that Congress contemplated that unions would ordinarily pay their own expenses.

Respondents also find their understanding of the role of union representatives supported by Congress's use of the phrase "official time" in §7131(a). For respondents, the use of this term indicates an intent to treat employee negotiators "as doing the government's work for all the usual purposes," and therefore entitled to "all attributes of employment," including travel expenses and a per diem allowance. Brief for NTEU at 24-28. They suggest that, if Congress intended to maintain only the employees' salaries, it would have granted them "leave without loss of pay," a term it has used in other statutes. See, *e. g.*, 5 U. S. C. §6321 (absence of veterans to attend funeral services), §6322(a) (jury or witness duty), and §6323 (military reserve duty). In contrast, Congress uses the terms "official capacity" and "duty status" to indicate that an employee is "on the job" and entitled to all the usual liabilities and privileges of employment. See, *e. g.*, §§5751, 6322(b) (employee summoned to testify in "official capacity" entitled to travel expenses).[16]

The difficulty with respondents' argument is that Congress did not provide that employees engaged in collective bargaining are acting in their "official capacity," "on the job," or in a "duty status." Instead, the right to a salary conferred by §7131(a) obtains only when "the employee would *otherwise* be in a duty status." (Emphasis supplied). This qualifying language strongly suggests that union negotiators engaged in collective bargaining are not considered in a duty status and thereby entitled to all of their normal forms of compensation. Nor does the phrase "official time," borrowed from prior administrative practice, have the same meaning as "official capacity."[17] As noted above, employees on "official time" r the Executive Order regime were not generally enti- to el expenses and a per diem allowance. See /12. Moreover, as respondents' own examples Congress does not rely on the mere use of the al" when it intends to allow travel expenses and diems. Even as to those employees acting in an "official city," Congress generally provides explicit authorization such payments. See, *e. g.*, §§5702, 5751(b), 6322(b). In Civil Service Reform Act itself, for instance, Congress ressly provided that members of the Federal Service Im- ses Panel are entitled to travel expenses and a per diem wance, in addition to a salary. See §5703, 7119(c)(4).[17] Perhaps recognizing that authority for travel expenses and diem allowances cannot be found within the four corners §7131(a), respondents alternatively contend that the thority's decision is supported by the Travel Expense Act, U. S. C. §5702, which provides that a federal employee avelling on official business away from his designated post duty . . . is entitled to . . . a per diem allowance." The avel Expense Act is administered by the Comptroller Gen- al who has concluded that agencies may authorize per diem owances for travel that is "sufficiently in the interest of the nited States so as to be regarded as official business." 44 omp. Gen. 188, 189 (1964). Under the Executive Order re- me, the Comptroller General authorized per diem pay- ents to employee negotiators pursuant to this statute upon certification that the employees' travel served the conve- e of the employing agency. See n. 11, *supra*.

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[14] Under the Executive Order regime, unions had to negotiate for dues deductions and were generally charged a fee for the service. See *Information Announcement*, 1 F. L. R. C. 676, 677 (1973).

[15] We do not read Representative Udall's remark to suggest that the Authority is bound by administrative decisions made under the Executive

National Labor Relations Authority, enjoys considerable freedom to apply its expertise to new problems, provided it remains faithful to the fundamental policy choices made by Congress. See *supra*, at 7-8 and n. 9. See also §7135(b) (decisions under Executive Order regime remain in effect unless revised by President or superseded by Act or regulations or decisions thereunder).

[16] The Authority seemed to rely on this distinction between "duty status" and "leave" in its interpretation when it stated that an employee negotiator "is on paid time entitled to his or her usual compensation and is not in leave status." 2 F. L. R. A., at 269.

[17] Similarly, the statement of Representative Clay that employee representatives "should be allowed official time to carry out their statutory representational activities just as management uses official time to carry out its responsibilities," 124 Cong. Rec. 29188 (1978), does not indicate that

Based on its view that employee negotiators are "on the he Authority determined that union representatives n collective bargaining are on "official business" and entitled to a per diem allowance under the Travel ct. 2 F. L. R. A., at 269. In support of this rea- ne Authority notes that §5702 has been construed roadly to authorize reimbursement in connection with a va- iety of "quasi-official" activities, such as employees' atten- ance at their own personnel hearings and at privately-spon- ored conferences. See, *e. g.*, Comptroller General of the nited States, Travel in the Managment and Operation of ederal Programs 1, App. I at 5 (Rpt. No. FPCD-77-11, Mar. 17, 1977); 31 Comp. Gen. 346 (1952). In each of these nstances, however, the travel in question was presumably or the convenience of the agency and therefore clearly constituted "official business" of the government. As we have explained, neither Congress's declaration that collective bargaining is in the public interest nor its use of the term of art "official time" warrants the conclusion that employee negotiators are on "official business" of the government.[18]

IV

In passing the Civil Service Reform Act, Congress unquestionably intended to strengthen the position of federal unions and to make the collective-bargaining process a more effective instrument of the public interest than it had been under the Executive Order regime. See *supra*, at 2–3. There is no evidence, however, that the Act departed from the basic assumption underlying collective bargaining in both the public and the private sector that the parties "proceed from contrary and to an extent antagonistic viewpoints and concepts of self-interest." *NLRB* v. *Insurance Agents*, 361 U. S. 477, 488 (1960), quoted in *General Building Contractors Association, Inc.* v. *Pennsylvania*, 458 U. S. 375, 394 (1982). Nor did the Act confer on the FLRA an unconstrained authority to equalize the economic positions of union and management. See *American Ship Building* v. *NLRB*, *supra*, 380 U. S., at 316–318. We conclude, therefore, that the FLRA's interpretation of §7131(a) constitutes an "unauthorized assumption by [the] agency of [a] major policy decision[] properly made by Congress." *Id.*, at 318.

The judgment of the Court of Appeals is

Reversed.

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[17] As further support for their reading of "official time," respondents contend that union representatives engaged in collective bargaining may be entitled to benefits under the Federal Employees' Compensation Act, 5 U. S. C. §8101 *et seq.*, and may create government liability under the Federal Tort Claims Act, 28 U. S. C. §1346(b). The fact that other federal statutes, with different purposes, may be construed to apply to employee negotiators, however, does not demonstrate that, in enacting the Civil Service Reform Act, Congress intended to treat union negotiators as engaged in official business of the government.

[18] Our conclusion that federal agencies may not be required under §7131(a) to pay the travel expenses and per diem allowances of union negotiators does not, of course, preclude an agency from making such payments upon a determination that they serve the convenience of the agency or are otherwise in the primary interest of the government, as was the practice prior to passage of the Act. See n. 11, *supra*. Furthermore, unions may presumably negotiate for such payments in collective bargaining as they do in the private sector. See *Midstate Tel. Corp.* v. *NLRB*, 706 F. 2d 401, 405 (CA2 1983); *Axelson, Inc.* v. *NLRB*, 599 F. 2d 91, 93–95 (CA5 1979). "Indeed, we are informed that many agencies presently pay the travel expenses of employee representatives pursuant to collective bargaining agreements." Letter from Ruth E. Peters, Counsel for Respondent FLRA, Nov. 9, 1983. See also *J. P. Stevens & Co.*, 239 NLRB 738, 739 (1978) (employer required to pay travel expenses as remedy for failing to bargain in good faith).

CAROLYN F. CORWIN, Assistant to the Solicitor General, Justice Department, Washington, D.C. (REX E. LEE, Solicitor General, J. PAUL McGRATH, Assistant Attorney General, KENNETH S. GELLER, Deputy Solicitor General, WILLIAM KANTER and DOUGLAS LETTER, Justice Department attorneys, with her on the brief) for petitioner; RUTH E. PETERS, Solicitor, FLRA, Washington, D.C. (STEVEN H. SVARTZ and WILLIAM E. PERSINA, with her on the brief) for respondent.

Issue 1: Whether Management has violated the Master Agreement by interpreting "reasonable" time too narrowly and unilaterally reassigning usage of official time to other times than those chosen by the Union.

Relief Sought:

1) That the Arbitrator direct Management to approve official time in amounts determined "necessary" by Union Representatives; and
2) That the Arbitrator direct Management to refrain from delaying or reassigning usage of official time to other times than those chosen by the Union unless a true business exigency exists.

Discussion:

This issue will be discussed later in this opinion and award.

Award:

This portion of the grievance is sustained.

Issue 2: Whether Management has violated the Master Agreement in requiring Union representatives to:

1) describe in detail the exact nature of business for which official time is being requested; and

2) disclose to Management information sufficient to show that the time will not be used for internal Union business and, following such disclosure, that Management is required to grant the time requested unless it demonstrates the activity to be inappropriate.

Relief Sought:

1) That the Arbitrator rule that the only information necessary to be filled in on the business section of form SSA-75 is an indication that the request is not for internal Union business; and

2) That the Arbitrator rule that information concerning the projected amount of time necessary to perform the representative's task is not required on form SSA-75.

Discussion:

During the course of the hearing considerable testimony was received as to the origin of SSA-75 (official time form) and why this particular form was adopted. It is the Union's contention that the form was basically for the purpose of "broadly describing the nature of the activity" for which time was being requested. Management strongly contended that completion of the form is for the purpose of allowing Management to make a threshold determination of whether or not time was being requested for internal Union business and to prevent excessive use of official time.

Obviously the parties had differing beliefs as to the purpose of the form and how it was to be utilized. However, considering the implications of the doctrine of fair representation, the Arbitrator is constrained to find that all that can be reasonably required is: (a) a disclaimer that time is not being requested for internal Union business and (b) an approximation of what amount of time will be involved.

As detailed elsewhere in this award, the Arbitrator elects to adopt the guidelines advanced by Arbitrator Dana E. Eischen in FMCS Case No. 82K/29364-Official Time Grievance:

> Unless the Form SSA-75 on its face requests an unreasonable amount of time or proposes to use official time for internal union business, it should be approved. Time in excess of the basic allocation may not be denied summarily, but also should be granted in reasonable amounts as necessary for labor-management activities. If Agency management determines that a Union representative is abusing the official time request right, there are appropriate channels for redress open to the Agency.
>
> An otherwise reasonable and appropriate Form SSA-75 official time request may be deferred to another time by the appointing official under the "exigency of business" proviso in Appendix F, Section G: but otherwise proper requests may not be denied permanently on that basis. Valid invocation of the "exigency of business" condition requires more than mere whim, caprice or even inconvenience. The operative words suggest a work situation of such importance that the requesting Union official cannot be excused from work for the duration of

the exigency. The bargaining history of that phrase in Appendix F, Section G places the burden upon the official who declares "exigency of business" to provide a written explanation of the work situation, the beginning and ending time of the exigency, the reasons why the requesting Union representative is affected by the exigency, and another suggested time for which the otherwise valid Form SSA-75 will be approved.

Award:

This portion of the grievance is sustained and the language of Arbitrator Dana E. Eischen's award is adopted to provide guidelines for the parties.

Issue 3: Whether Management has violated the Master Agreement in rejecting requests for official time by summarily stating that the reasons given for the requested time were not appropriate and/or Management has determined that a different Union official should perform the task.

Relief Sought:

1) That the Arbitrator rule that Management cease and desist from denying official time based solely on its perception of what a proper labor/management interface is and what is internal Union business; and
2) That the Arbitrator rule that Management cease and desist from determining who is the appropriate Union official to perform a particular task.

Discussion:

This portion of the grievance parallels Issue 2 and differs only in that it addresses the issue of what constitutes an appropriate labor/management interface and who is to determine which individual is to handle a particular Union activity.

Like many of the issues raised by this grievance, the difficulty lies in the fact that although specific examples were offered at the hearing, norms are difficult to strike. Certainly, Management ought to have some feeling as to what constitutes a reasonable labor/management interface and what constitutes internal Union business. On the other side of the coin, the conduct of normal, everyday representation and its associated confidentiality demand that a local Union official or shop steward not be second-guessed at every turn.

Clearly, some issues have segments of both internal Union business and labor/management interface. Unions, afterall, are political institutions and repercussions often flow from the filing or withdrawing of the grievance. Additionally, unions are confronted today by the duty of fair representation. A review of the legislative history of the Civil Service Reform Act and a reading of Article 30, Appendix F of the Master Agreement suggest that the agreement affords a broad entitlement to official time to Union representatives.

Certainly, if ever there was an opportunity to stifle a Union's effectiveness, it would be in terms of allowing Management an opportunity to call the shots as to what constitutes labor/management interface.

Award:

This portion of the grievance is sustained. Management is directed to rely on the Union representative's determination as to what is labor/management interface and what is internal Union business, as well as who is the appropriate individual to effect the interface and to grieve those determinations which Management deems inappropriate.

Issue 4: Whether Management has violated the Master Agreement by

1) refusing to allow the on-site Union representative to have a Union representative of the Union's choosing present at the first and second stages of their procedure, of refusing to allow the same during "Weingarten" or other formal discussions involving on-site Union representatives; and

2) denying time for outside representatives, appointed by the Union, to represent a grievant when the local representative is inexperienced and/or the situation is unusual or complicated.

Relief Sought:

1) That the Arbitrator rule that denials of official time for one Union official to represent another are a violation of the Master Agreement and 5 USC 7116; and

2) That the Arbitrator rule that denials of official time for other than the on-site representative to represent an individual on the first two stages of a grievance is a violation of the Master Agreement and 5 USC 7116.

Discussion:

A review of the transcript is not particularly helpful in that the parties appear to be at odds as to their recollection of what was intended by the phrase, "the Union will make every reasonable effort to use the local representative of the office in which the grievance arises for the first and second steps of the grievance process". However, a common sense reading of the above quoted language would seem to suggest that what was agreed upon was that a local Union representative should be involved in the process rather than bringing a representatiave in from the outside. This is consistent with practice in the private sector and certainly should not compromise the position of the grievant. However, common sense would suggest that where a Union official in his/her individual capacity is grieving Management's action, he/she should be entitled to representation by another Union official.

Award:

The parties are directed to comply with the following guidelines:

1) The Union shall, when possible, utilize the services of an on-site representative at the first two stages of the grievance process.

2) In those cases in which the local Union representative has initiated a grievance in his/her individual capacity, the official is entitled to be represented by another Union representative.

Issue 5: Whether, under the terms of the Master Agreement

1) Management has been in violation by refusing to approve official time for Union representatives to investigate "pre-filing" problems and complaints; and
2) Union representatives have the right to official time to investigate problems and/or talk with employees involved in disputes where the employees have not first requested assistance under Article 3, Section 6, of the Master Agreement.

Relief Sought:

1) That the Arbitrator rule that official time may be granted for Union representatives to investigate pre-filing grievance problems and complaints; and
2) That the Arbitrator rule that Union representatives have the right to official time to investigate problems and/or talk with employees involved in disputes where the employees have not first requested assistance under Article 3, Section 6 of the Master Agreement.

Discussion:

In the private sector, one of the purposes in a shop steward being granted "company time" is to head off disputes, while at the same time to assure the membership that the company is not making inroads into areas covered by the labor agreement. In short, the role of the shop steward in the private sector and the shop steward in the federal sector are not dissimiliar.

This would suggest that a Union representative should be granted official time to investigate problems and/or talk with employees involved in disputes who have not requested assistance to date. By the same token, Union representatives should be granted official time to investigate pre-filing grievance problems and complaints.

Award:

This portion of the grievance is sustained.

Issue 6: Whether Management has violated the Master Agreement in denying to Union representatives official time to pursue issues that it considers to be nongrievable incidents, such as audits, progress reviews, and performance improvement plans. Management is also charged with refusal to meet on grievances regarding these subjects.

Relief Sought:

The Union informs the Arbitrator that:

> Management, in their reply to our grievance meeting, stated that they agreed to approve official time for these areas pending clarification through arbitration. They agreed to meet on these issues in the interim. We will defer to Local and Regional grievances on this issue at this time, as it can be brought up as a threshold issue in specific grievances (Union letter of October 26, 1982).

Discussion:

No discussion of this issue would appear to be necessary.

Award:

No award is indicated.

Issue 7: Whether Management has violated the Master Agreement by:

1) denying official time requests for lack of specificity;
2) denying or reducing Union representatives' leave without pay and/or annual leave requests to work on Union matters; and
3) denying Union representatives' official time, leave without pay and/or annual leave requests to work on Union business by declaring an exigency to exist.

Relief Sought:

That the Arbitrator hold that the Master Agreement is violated when Management:

1) declines to grant official time for lack of specificity;
2) denies or reduces leaves without pay and/or annual leave requests by Union representatives to work on Union business; and
3) declines to grant official time or leave without pay and/or declares an exigency to exist.

Discussion:

As will be quickly noted, the issue of denying official time requests for lack of specificity has been passed on before in several issues. No further comment would appear to be necessary.

Issue 7(2) raises a peripheral problem. Generally speaking, Management should honor such requests for official time where a true emergency does not exist. To hold counter would place the Union in jeopardy. Today, with the requirement of fair representation, a union has few options where time frames must be met, such as the filing or processing of a grievance or unfair labor practice charge.

Issue 7(3), under what circumstances Management may deny official time, leave without pay or annual leave requests by declaring that an exigency exists, is the next concern. Webster's New Collegiate Dictionary, c. 1974, defines "exigency" as:

> such need or necessity as belongs to the occasion: that which is required in a particular situation... requiring immediate aid or action.

All of the above would suggest that there are situations, particularly at a local level, wherein a local manager may have the right to say, in effect, "If I allow you to take official time today, the office will go down." Under those circumstances, a local manager is not violating the letter or spirit of the Master Agreement.

However, these situations should be few and far between and should not be a direct result of a situation over which Management has control.

In the private sector these situations have been generally described as "an emergency". Examples that come to mind generally revolve around "acts of God", inclimate weather, fires, flooding, or loss of a major segment of a production line. They are not the result of managerial error or short-staffing (see Elkouri & Elkouri, How Arbitration Works, BNA Third Edition, Chapter 13: Management Rights, particularly pp. 486-491).

Therefore, it would appear that absent an exigency as defined above, a Union representative is entitled to leave without pay and/or annual leave to work on Union matters, and Management must make every effort to grant such leave at the times requested and for the duration requested.

Award:

This portion of the grievance is sustained.

Issue 8: Whether Management has violated the Master Agreement by overusing the "exigency of business" exception as a reason for denying official time. This includes the placing of arbitrary restrictions upon when official time can be taken, such as restricting it to "adjudication" periods.

(This Issue is for all practical purposes identical to Issue 7. See Issue 7, Relief Sought, Discussion and Award).

Issue 9: Whether Management has violated the Master Agreement, Article I, Section 2-Past Practice, by unilaterally altering past practice concerning official time without bargaining over these changes.

Relief Sought:

That the Arbitrator rule that Management has violated the Master Agreement by unilaterally altering past practice concerning official time without bargaining with the Union over these changes.

Discussion:

Article I, Section 2-Past Practice, provides as follows:

> It is agreed and understood that any prior benefits and practices and understandings which were in effec on the effective date of this agreement at any level (national, council, regional and local), and which are not specifically covered by this agreement and do not detract from it shall not be changed except in accordance with 5 USC 71.

Further, Article 30, Appendix F, Section 1, provides as follows:

> The parties agree that many issues which arise at local levels may be resolved by meaningful consultation without formal bargaining.
>
> Accordingly, the parties agree that when a management initiated change is proposed, local reps will consult in an attempt to reach mutually satisfactory understandings. Bargaining on such management initiated changes where appropriate under 5 USC 71 may be requested for the purpose of reaching a written agreement if consultation fails to resolve the issue between the parties. Except as provided by the agreement, procedures for local consultation

> will be determined by the parties. The provisions of Article 4 will apply to local bargaining.

Clearly, in view of the above, it was not the parties' intention to allow Management a free hand in effecting major changes without bargaining over them. In its post hearing brief, Issue 9, the Union detailed ten areas wherein changes were made or attempted to be made through Management's unilateral action. Clearly, such changes are not contemplated by the Master Agreement and constitute a violation of the letter and/or spirit of the agreement.

Award:

This portion of the grievance is sustained.

Issue 10:

1) Whether Management has violated the Master Agreement in limiting or imposing "caps" on official time of national council officers; and

2) Whether the guaranteed blocks of time for council officers in the sidebar Memorandum of Understanding constitute maximum blocks of time or minimum guarantees.

Relief Sought:

1) That the Arbitrator rule that the Master Agreement has been violated when Management imposes "caps" on official time of national council officers; and

2) That the Arbitrator rule that the guaranteed blocks of time in the sidebar agreement constitute minimum guarantees rather than maximum blocks of time for council officers.

Discussion:

The Arbitrator would instruct the parties to review the discussion portion of his opinion and award in connection with Issue 31, in that much of the reasoning set forth in that discussion is applicable here.

A review of Article 27, Appendix F, does not suggest that the Agreement attempted to impose any restrictions on the use of official time on council officers, other than that which is reasonable in the exercise of their duties and responsibilities as outlined in Section B.

Further, it would appear that the sidebar agreement covers this situation, since it identifies the parties involved and their representational functions.

Award:

This portion of the grievance is sustained.

Issue 11: Whether Management has violated the Master Agreement by interfering with the Union's discretion in its choice of representatives, specifically by:

1) refusing to honor Union representative designations;
2) attempting to force the Union to use representatives in the immediate area of a regional office to perform audits;
3) refusing to accept representative designations made by regional vice presidents and instead only accepting designations from local presidents;
4) refusing to recognize alternative representatives in an office as users of official time; ~~and~~
5) refusing to grant official time to present grievances unless the person requesting happens to be the onsite representative in the office where Management alleges the grievance occurred.

Relief Sought:

That the Arbitrator find that denials of official time to properly designated Union officials for the performance of labor/management activities constitutes a violation of the contract.

Discussion:

The Master Agreement, Article 30, Appendix F: Official Time and Labor Relations in Field Offices, is quite clear and needs little or no construction here. The Union alone has the authority to designate its representatives. Testimony concerning this point is found in the transcript in numerous places. Activities including researching lists of arbitrators, filing unfair labor practice charges, filing appeals of unfair labor practice charges which have been dismissed, and preparation and mailing of post hearing briefs would appear to be covered by this section.

The language of Appendix F would not seem to limit the Union's use of representatives to those posted in the immediate area, but common sense dictates that they should do so whenever possible in order to avoid additional expense to Management. By the same token, the Arbitrator finds that it is reasonable for Management to require the designation of all representatives to be in writing, notwithstanding contrary past practice in some regions.

However, the Union should be allowed to designate alternative representatives in an office for the use of official time where the primary representatives cannot handle a particular matter. Additionally, Management, under the letter and spirit of the Agreement, is obligated to grant official time to Union officers to present Section 10 grievances and cannot limit representation to onsite representatives.

For an exhaustive list of authority, see the Union's post hearing brief, Issue 11, pp. 5 & 6.

Award:

This portion of the grievance is sustained.

Issue 12: Whether Management has violated the Master Agreement by not allowing the Union representatives to talk to employees on official time unless the employee specifically asks to speak with the Union representative.

Relief Sought:

1) That the Arbitrator rule that Union representatives have the right to official time for investigation and preparation of grievances, complaints and appeals, including discussions with employees for discovery and for the preparation of witnesses; and

2) That the Arbitrator rule that the Union representative need not disclose the names of interviewees unless the interviewee wishes to claim official time in connection with the interview.

Discussion:

This issue overlaps several other issues previously discussed. However, the main thrust of the issue would seem to be: Is official time allowable only for the filing of grievances, unfair labor practices, and appeals, or is a Union representative entitled to official time to interview employees who are believed to possess information or to have witnessed an event which the Union representative feels may have a bearing on the outcome of a potential or pending grievance, unfair labor practice or appeal?

In labor/management relations this activity is generally referred to as "discovery". Such time has long been allowed to shop stewards and grievance representatives. A review of the Master Agreement contains nothing to suggest that the parties intended to prohibit the use of official time for this purpose. It is a necessary part of a workable labor/management interface and should limit the number of non-meritorious grievance and unfair labor practice charges filed.

Although the Arbitrator has already ruled on the issue of confidentiality, doubtless it would not hurt to again state that when a Union representative is applying for official time there is no need for a Union representative to identify the person with whom he/she wishes to visit until a grievance has been filed. However, if the person being interviewed desires official time for the purpose of meeting with the Union representative, obviously Management will need to be notified of the person's identity.

Award:

This portion of the grievance is sustained.

Issue 13: - Whether Management is obliged to meet with the Union under Article 24, Section 10 of the Master Agreement, should the Union desire such a meeting.

Relief Sought:

That the Arbitrator rule that Management must meet and discuss Union/Management grievances as provided for by Article 24, Section 10 of the Master Agreement.

Discussion:

Typical of labor agreements in the private sector, the Master Agreement provides for the filing of Union/Management grievances. The clause in the contract is quite simple and needs no construction. The Union, both in its case in chief and in its post hearing brief, cites various instances in which Management has failed to meet as required by the Master Agreement.

During the course of the hearing, Management conceded: "If we are not meeting and discussing this thing, then Management is in violation of Article 24, Section 10, so if we are not meeting, we should." (Transcript, pp. 733-34).

Award:

This portion of the grievance is sustained. Management is directed to meet and confer with the Union when requested by the Union.

Issue 14: Whether Management has violated the Master Agreement by unilaterally setting the number of negotiators in branch offices instead of bilaterally making arrangements concerning negotiators with the Union.

Relief Sought:

That the Arbitrator rule that Management has violated the Master Agreement when it has limited the number of negotiators in branch offices.

Discussion:

The Master Agreement, Article 4, Section 4-Regional/Program Service Centers/Data Operations Center Changes states:

> Negotiations over conditions of employment that impact on the above entities will be represented by two (2) negotiators (but not less than the number of management's negotiators) designated by the appropriate union official.

This language would appear to be amply clear and provide that the Union is entitled to two (2) negotiators. The sentence further goes on to provide that the Union negotiators be designated by the appropriate Union official.

Award:

This portion of the grievance is sustained.

Issue 15: Whether Management has violated the Master Agreement when it fails to make timely response to a Union representative's request for official time, and/or requests a Union representative to submit an official time request 24 hours in advance of the date for which time is requested.

Relief Sought:

1) That the Arbitrator rule that Management must respond promptly to any requests by a Union official for official time; and
2) That the Arbitrator rule that Management be ordered to cease and desist from requiring that a Form SSA-75 be submitted in advance of the time requested.

Discussion:

The Union correctly calls the Arbitrator's attention to the effect that delays in responding to requests by Union officials for official time creates an intolerable situation in that it has a chilling effect on the discharge of their representational responsibilities. Many times employees, for a variety of reasons, wait until the last minute to pursue redress for contract violations or to file unfair labor practice charges. In view of the fact that the Union has a duty of fair representation, delay is particularly critical in terms of fulfilling their representational responsibilities.

By the same token, nowhere in Article 30, Appendix F, Section G is there any requirement that a Union representative file a Form SSA-75 in advance of the time needed. Common sense would dictate, however, that wherever possible, a Union official would give maximum notice. In some cases, this may be several weeks. In others, where an employee has allowed time to slip by and immediate action must be taken to preserve a grievance or perfect an appeal, it would be proper for a Union official to present a Form SSA-75 at the time he/she was requesting official time.

Private sector experience with the counterpart of official time, i.e., time for union business, generally looks to the needs of the union representative, with common sense dictating what is appropriate in a specific instance. Indeed, the bulk of arbitrable authority suggests that few agreements contain any reference to a minimal time requirement.

Award:

This portion of the grievance is sustained.

Issue 16: Whether Management has violated the Master Agreement by requiring Union representatives to disclose the name of the individual and/or office to be contacted when requesting official time through the completion of form SSA-75.

Relief Sought:

That the Abritrator order Management to cease and desist from requiring Union representatives to disclose the name of the individual and/or office to be contacted when he/she applies for official time through form SSA-75.

Discussion:

This issue has been discussed several times before, particularly under Issue 2, wherein the Abritrator has held that the name of an individual to be contacted need not be disclosed.

An examination of form SSA-75 clearly suggests that the parties had some concern over confidentiality and, therefore, left no space for identification of the person to be contacted. Indeed, if one reviews form SSA-75, Section III, to be completed by the Union official on union's copy, Box 10 provides space for the name of the person to be contacted and Box 11 provides for the name of the person on whose behalf contact is made. Clearly, the above language would not have been used had the parties contemplated differently.

Award:

This portion of the grievance is sustained.

Issue 17: The Arbitrator notes that no Issue 17 was submitted.

Issue 18: Whether Management has violated the Master Agreement by denying official time for Union representatives to attend OSHA training.

Relief Sought:

That the Arbitrator order that either Management provide health and safety training as specified in Part 1960.55 of the Department of Labor implementing regulations or official time be granted by Management for Union representatives to seek such training independently.

Discussion:

This grievance concerns the language of Article 9, §3B of the Master Agreement which provides for health and safety training for Union representatives:

> The designated facility union health and safety representatives will receive training equivalent to the facility management representatives.

The contract incorporates by reference Executive Order 12196 concerning health and safety in the federal sector, as well as the Department of Labor implementing regulations. (Union 6)

Additionally, the Union called the Arbitrator's attention to the language of Article 9: Health and Safety, §1-General:

> The Administration shall provide a safe and healthy work environment in accordance with Executive Order 12196 and the Department of Labor implementing regulations.

It is the Management's position that the agreement leaves training to the discretion of management in terms of the frequency and amount of training it has to provide.

While the Arbitrator, in principle, concurs with the Union's position, the language of the negotiated agreement would appear to be clear.

Award:

This portion of the grievance is denied.

Issue 19: Whether Management has violated the Master Agreement by not allowing the Union to have extensions of time where there is a short time frame (oral reply on a suspension) and/or Management is requiring a written designation of the Union representative prior to approving time.

Relief Sought:

The Union informs the Arbitrator that:

> We will not pursue this issue, but will defer to the Local and Regional units pursuing this as a threshold issue in each specific grievance (Union's letter of October 26, 1982).

Discussion:

No discussion would appear necessary.

Award:

No award is indicated.

Issue 20: Whether Management has violated the Master Agreement by not approving official time for Union representatives to contact members of Congress.

Relief Sought:

That Management be ordered to cease and desist from the practice of denying official time to Union officials for the purpose of contacting members of Congress.

Discussion:

A review of the legislative history surrounding the Civil Service Reform Act does not support the Union's contention that it was Congress' intent that official time be granted Union officers for the purpose of contacting members of Congress. Granted, there exists Arbitrator Charles L. Mullin, Jr.'s award, FMCA File No. 80K/16441, which was received into evidence as Joint Exhibit No. 31, and a subsequent Federal Labor Relations Authority decision affirming this award.

The decision of Arbitrator Mullin preceded passage of the Master Agreement and, had the parties intended to provide for such use of official time, doubtless mention would have been made of it in the Master Agreement.

Further, a review of testimony on this point does not suggest that there was an existing past practice which would confer this benefit on the Union. (Article I, Section 2-Past Practice) In reaching this conclusion, this Arbitrator is well aware that many of the benefits which are achieved in the private sector through collective bargaining are conferred in the Federal sector through obtaining desired federal legislation. Nevertheless, viewed as a whole, the Arbitrator feels constrained to find that contacts with Congress are internal union business for which official time should not be granted.

Award:

The Arbitrator finds that the four instances of attempts to obtain official time detailed in the Union's post hearing brief are not appropriate, and hence this portion of the Union's grievance is denied.

Issue 21: Whether Management has violated the Master Agreement by refusing to allow Union officials to transfer their official time to designees when they are absent.

Relief Sought:

That the Arbitrator order Management to cease and desist from refusing to recognize designated replacements and to accord them official time where appropriate.

Discussion:

This portion of the grievance is partially covered by Issues 11, 4 and 14, and can be dismissed rather summarily. Obviously, if a Union officer is empowered to designate his/her replacement, that replacement should have as much time as the person making the nomination. This entitlement would allow a replacement to function in those instances in which the official was engaged in bargaining at a national level or on annual or sick leave. It appears rather clear that the parties must have contemplated this when negotiating the Master Agreement. This would seem to be consistent with the testimony of the parties and the sidebar agreement (Joint 22, A 11).

Award:

This portion of the grievance is sustained.

Issue 22: Whether Management has violated the Master Agreement by denying per diem and travel expenses to Union representatives to do off-site investigation and/or research in the preparation of grievances, unfair labor practice charges, and complaints and appeals of all kinds.

Relief Sought:

That the Arbitrator order Management to cease and desist from denying per diem and expenses to Union representatives to travel to such locations as law libraries, union offices and other locations in connection with the processing of grievances, unfair labor practice charges, and complaints and appeals of all kinds.

Discussion:

Since the conclusion of the hearings in connection with this grievance, the Arbitrator has obtained a copy of the United States Supreme Court's opinion: Bureau of Alcohol, Tobacco and Firearms v. Federal Labor Relations Authority et al, No. 82-799, Decided Nov. 29, 1983, along with the briefs of the parties and briefs amicus curiae.

Attention is particularly called to Footnote 17 wherein the Court states:

> Our conclusion that federal agencies may not be required under §7131(a) to pay the travel expenses and per diem allowances of union negotiators does not, of course, preclude an agency from making such payments upon a determination that they serve the convenience of the agency or are otherwise in the primary interest of the government, as was the practice prior to passage of the Act.

The Union has failed to provide evidence that

Management made such determinations in the past. Additionally, the Court acknowledges that unions may presumably negotiate for such payment in collective bargaining as they have in the private sector. Query: Is there any evidence that the parties so negotiated?

Award:

For the above cited reasons, the Arbitrator finds this portion of the grievance must be denied.

Subissue under Issue 22: Whether Management has violated the Master Agreement when it denies official time forcing a Union representative to utilize his or her evenings and weekends to handle representational activities.

Relief Sought:

> Whenever a union representative, because of the denial of offical time, has been obliged to complete legitimate labor-management tasks outside regular duty hours, that representative should be made whole by means of overtime or, upon request, compensatory time. This remedy should be granted in all cases arising prior to the final dispostion of this grievance. (Union's post hearing brief, Issue 22, Subissue under Issue 22, pp.2-3)

Discussion:

It is the Union's contention that payment in the form of overtime or compensatory time to a Union representative who has been forced or induced to perform representational activities outside normal working hours is not only legal but mandatory. Apparently what the Union is alleging is that requiring someone to work without payment of overtime or compensatory time is illegal. To this end the Union cites:

> In support of this postion we refer to the decision of the United States Court of Claims in Eubie L. Baylor et al. v. United States. 198 Ct. Cl. 331 (1972), at 359:
>
> > Where the facts show that there is more than only a "tacit expectation" that overtime be performed, such overtime has been found to be compensable as having been "officially ordered or approved," even in the absence of a regulation specifically requiring a certain number of minutes of overtime. Where employees have been "induced" by their superiors to perform overtime in order to effectively complete their assignments and due to the nature of their employment, this overtime has been held to have been "officially ordered or approved, and therefore compensable.

> Similar conclusions had been reached in Arvid Anderson et al. v. United States, 136 Ct. Cl. 365 (1956), and in Kenneth S. Adams et al. v. United States, 162 Ct. Cl. 766 (1963).

It is the Management's position that "there is no compensatory or overtime for union representatives" and "we do not grant compensatory time or overtime for extra work." (Tr., 720-1)

Confronting the Arbitrator is the problem of whether or not the Union representative was granted official time or improperly denied official time. If the Union representative was on official time or had been improperly denied official time, it would appear that arguably he/she might fall within the scope of Article 8: Official Travel, Section 1-4. However, in light of the recent Supreme Court opinion, attendance at an arbitration hearing away from a duty station can be categorized as travel compelled by or for the convenience of Management. More importantly, may a mere "tacit expectation" suffice to bring one within the abmit of the agreement entitling him or her to official time? It is noteworthy that the Master Agreement, while a negotiated agreement, does not specifically refer to travel for labor-management interface, but rather refers only generally to official travel. This being the case, the Arbitrator feels compelled to disallow this portion of the grievance.

A careful reading of the recent Supreme Court opinion which, afterall, constitutes the final authority on how the Civil Service Reform Act is to be construed, suggests a rather restrictive interpretation of Congress' mandated entitlement, and absent any showing of advanced authorization or post approval, it would appear a Union representative is not entitled to either compensatory time or overtime when forced to travel away from his/her official duty station outside non-duty hours.

Award:

In view of the recent United States Supreme Court opinion, the Arbitrator feels compelled to deny this portion of the grievance.

Issue 23: Whether Management has violated the Master Agreement by denying official time for Union officials to attend training seminars or receive training on labor/management relations, such as grievance processing, arbitration, unfair labor practices and various technical courses.

Relief Sought:

That the Arbitrator rule that Management has violated the Master Agreement by persistent denials of official time or administrative leave for Union officials to attend briefings or orientations or receive training.

Discussion:

On the basis of past practice, it would appear that Union officials are entitled to a reasonable amount of official time for the purpose of receiving training on grievance processing, arbitration and unfair labor practices.

Management's contention that the entitlement is limited to a reasonable amount of training not to exceed eight (8) hours, and only for training on the Master Agreement, is expressly rejected.

Award:

This portion of the grievance is sustained.

Issue 24: Whether Management has violated the Master Agreement in refusing to bargain over proposed changes in the granting of official time.

Relief Sought:

That the Arbitrator rule that Management must meet and bargain with the Union concerning any proposed change in the administration of official time.

Discussion:

This issue needs little or no discussion. The contract would appear to be amply clear on this point. It would appear that the Master Agreement, Article 4-Negotiations During the Term of Agreement, contemplates both notice and an opportunity to bargain on issues such as this. Additionally, Article 30, Appendix F-Official Time and Union Relations in Field Offices, §I, provides for notice and an opportunity to bargain if the proposed change is to take place at a local level.

Award:

This portion of the grievance is sustained.

Issue 25: Whether Management has violated the Master Agreement by refusing to adhere to the past practice of granting official time to Union representatives for travel.

Relief Sought:

That the Arbitrator rule that denials of official time to travel in connection with appropriate LMR activities constitute a violation of the Master Agreement.

Discussion:

This issue is discussed in Issue 31.

Award:

This portion of the grievance is denied.

Issue 26: Whether Management has violated the Master Agreement when it denies Union representatives time to prepare for negotiations, including polling employees and preparing counter proposals.

Relief Sought:

That the Arbitrator rule that Management violated the Master Agreement when it denied Union representatives time to prepare for negotiations, including polling employees and preparing counter proposals.

Discussion:

The Union's post hearing brief contained numerous citations of the legislative history of the Civil Service Reform Act of 1978. Clearly, preparing for arbitration is not internal union business. It is central to the purpose for which the Civil Service Reform Act was enacted.

As to the polling of employees, the fact that the Master Agreement was the first agreement at a national level made polling essential to negotiating the agreement.

It was essential that Union representatives be in tune with the expectations of their membership. Little comment need be made concerning official time for writing counter proposals. The bargaining process, afterall, involves a large measure of give and take, and writing counter proposals is an integral part of the bargaining process.

Award:

This portion of the grievance is sustained.

Issue 27: Whether Management has violated the Master Agreement by:

1) charging time spent handling matters from sources outside the Master Agreement toward time allotments under Article 30, Appendix F;
2) denying that Union representatives are entitled to time entitlements arising from federal law, agency regulations, or different parts of the Master Agreement;
3) applying an artificial "cap" on the official time of local representatives and denying official time in excess of four (4) hours per week or ten (10) hours per week in large installations;
4) maintaining that the four (4) or ten (10) hour weekly allotments of time for local representatives is an average amount, rather than an absolute amount;
5) creating artificial, arbitrary "caps" for council and local officers and Union representatives; and
6) denying local representatives J2 time and denying Union officers reasonable official time.

Relief Sought:

That the Arbitrator construe the Master Agreement and address the six categories detailed above.

Discussion:

A number of issues raised by this portion of the grievance obviously overlap with other portions. A review of the transcript suggests that the parties are considerably apart on how they interpret the contract on these issues. Since the only words of limitation tend to prohibit use of official time for internal Union business, it is conceivable that any one of the following would constitute a labor/management interface within the scope of Appendix F, Section F: formal discussions, Equal Employment Opportunity matters, Federal Labor Relations Authority proceedings, Occupational Safety and Health Administration matters, within-grade increase reconsiderations, examination of personnel records, Article 3 § 3B rights, Article 3 § 6A rights, bargaining, disciplinary and adverse actions and Merit Systems Protection Board proceedings.

Clearly, by acting unilaterally or failing to react, it is possible to move a particular dispute into J1 or J2 time. A great deal depends on which side moves first and the duty of fair representation. Time frames frequently have a way of forcing one's hand.

In the private sector, generally all that is required is that the dispute rise out of issues involving wages, hours or working conditions. Something over fifty years of experience in the private sector is persuasive.

As indicated elsewhere in this grievance, the Arbitrator is concerned with any limitation on an entitlement which will cause the Union to violate its duty of fair representation. Typically, the first few years following the signing of an initial agreement produce a flurry of work for Union officers, representatives and shop stewards. A readying of Appendix F, Section F, suggests that language such as:

> Local representative: Up to 4 hours per week for offices under 70 employees, up to 10 hours per

> week for offices with 70 or more employees. Time in excess of 6-month cumulative averages based on a fixed 6-month calendar period may be approved as necessary on a case-by-case basis. Local representatives and local management may choose to schedule usage of official time on some regular basis, provided that the terms of this agreement are not compromised by such scheduling.

is not necessarily terms of limitation but, rather, the expectation of what will be needed. An office with under 70 employees does not necessarily produce less work than an office with 70 or more produces. It would therefore seem that it was not the parties intent to:

1) include or charge against J2 time the handling of matters from sources outside of the Master Agreement;
2) charge against J2 time matters arising from federal law, agency regulations or different parts of the Master Agreement;
3) place a "cap" on weekly allotments for local representatives; or
4) place "caps" on council and local officers and Union representatives.

Award:

This portion of the grievance is sustained.

Issue 28: Whether Management has violated the Master Agreement by denying local Union officials official time for what it labels "Regional or National" issues.

Relief Sought:

That the Arbitrator rule that Management has violated the Master Agreement by denying local Union officials official time for what it labels "Regional or National" issues.

Discussion:

This portion of the grievance deals largely with the Union's frustration in attempting to assemble its case concerning denials of official time to document "National or Regional" issues. Common sense indicates that if the contract is to be administered successfully, local Union officials are entitled to and must have sufficient official time to document treatment inconsistent with the letter and spirit of the Master Agreement. Management should therefore assume a flexible posture in the award of official time and cannot categorize certain grievances as "National or Regional" and then refuse to grant official time to local Union officers.

Award:

This portion of the grievance is sustained.

Issue 29: Whether Management has violated the Master Agreement by denying official time for union representatives to solicit and receive advice or information from higher or more knowledgeable officials and/or by prohibiting Union officers from communicating regarding legitimate labor/management relations with the Union representatives in their respective areas.

Relief Sought:

That the Arbitrator rule that Union officials have a contractual right to communicate with each other on official time, limited only by the recognition that such contact shall not be for internal union business.

Discussion:

With the exception of conducting internal union business, a Union officer has a right to utilize official time to contact another Union official for the purpose of drawing on his or her expertise in processing grievances, unfair labor practices, health and safety violations, etc. By the same token, a Union official receiving a call for assistance is entitled to use reasonable time in responding to the request for assistance.

Award:

This portion of the grievance is sustained.

Issue 30: Whether Management has violated the Master Agreement by refusing to grant official time to technical advisors for the purpose of preparing for a hearing or arbitration.

Relief Sought:

That the Arbitrator rule that technical advisors be granted official time in connection with preparation for their attendance at hearings and arbitrations.

Discussion:

This portion of the grievance in many ways overlaps several other portions of the grievance. Authorization for attendance of a representative or technical advisor is found in Article 25, Section 5A of the Master Agreement:

> The procedures used to conduct the arbitration shall be determined by the arbitrator. The Union will be entitled to have one (1) representative and one (1) technical advisor at each hearing. With respect to other attendees, the parties agree to follow practices in existence as of June 10, 1980.

While one might construe this language restrictively, clearly the effectiveness of the technical advisor will be sharply limited if official time is not granted in order that she/he familiarize themselves with the grievance and conduct such interviews as are necessary in order to make a meaningful contribution to the presentation.

Award:

This portion of the grievance is sustained.

Issue 31: Whether Management has violated the Master Agreement by refusing to pay for travel when a Union representative is on approved official time.

Relief Sought:

That the Arbitrator rule that Union representatives traveling on official time are entitled to reimbursement for per diem and travel expenses.

Discussion:

A review of the transcript and post hearing briefs would suggest that the Management and the Union attempted to bargain on this issue and that both withdrew without prejudice "their proposals concerning payment of per diem and travel expenses; the parties agreed to rely on the dictates of the law (which is interpreted for our purposes by the Authority) and by past practice." (Union's post hearing brief, p. 6)

In the interim, the United States Supreme Court in Bureau of Alcohol, Tobacco and Firearms, Petitioner v. Federal Labor Relations Authority, et al (No. 82-799) overturned the United States Court of Appeals for the 9th Circuit, which had supported the Federal Labor Relations Authority's interpretation that per diem and travel expenses would be allowed.

The opinion is too long and convoluted to cite from extensively. However, the thrust of the Court's opinion is that a Union representative may be travelling on official time and not automatically be "further subsidized with travel and per diem allowances. The provisions of the Management intended to facilitate the collection of union dues, see §7115, certainly suggest that Congress contemplated that unions would ordinarily pay their own expenses." (52 LW 4017)

Upon publication of the Supreme Court opinion, the Arbitrator wrote for copies of the parties' and amicus cureae briefs submitted to both the United States Circuit Court of Appeals and the United States Supreme Court. Regrettably, these briefs offer little guidance in interpreting the Court's opinion. The only clear guidance from the Supreme Court is contained in Footnote 17:

> Our conclusion that federal agencies may not be required under §7131 (a) to pay the travel expenses and per diem allowances of union negotiators does not, of course, preclude an agency from making such payments under a determination that they serve the convenience for the agency or are otherwise in the primary interest of the government, as was the practice prior to the passage of the Act. See n. 11, supra. Furthermore, unions may presumably negotiate for such payments in collective bargaining as they do in the private sector. See Midstate Tel. Corp. v. NLRB, 706 F. 2d 401, 405 (CA 2 1983); Axelson, Inc. v. NLRB, 599 F. 2d 91, 93-95 (CA 5 1979). Indeed we are informed that many agencies presently pay the travel expenses of employee representatives pursuant to collective bargaining agreements. Letter from Ruth E. Peters, Counsel for Respondent FLRA, Nov. 9, 1983. See also J.P. Stevens & Co., 239 NLRB 738,739 (1978) (employer required to pay travel expenses as remedy for failing to bargain in good faith).

Does the Union's assertion that "Union and Management both withdrew their proposals concerning payment of travel expenses and per diem ... and agreed to rely on the dictates of the law ... and past practice" (Union's post hearing brief, p. 6) meet the dictates of Footnote 17 (above)? The Arbitrator feels constrained to find that the parties did not bargain on per diem and travel expenses as the terms are commonly understood and that by the Union's own admission, past practice varied from region to region, or even within the same region. By commonly accepted criteria, one cannot say there was an affirmed past practice as the term is generally used. The Arbitrator thus feels constrained to deny this portion of the grievance.

Award:

This portion of the grievance is denied.

Conclusion

The Arbitrator concludes this interim award by expressly reserving jurisdiction for the purpose of interpretation or enforcement of this award.

Justin C. Smith
Arbitrator

February 22, 1984

Commissioner HARDY. It's been in writing.

Mr. DAUB. I just haven't followed that subject, and I would like to particularly because the cost is now $4 million.

Commissioner HARDY. And going up.

Mr. DAUB. We are having a tough enough time managing the trust fund without allowing this sort of thing. We just put a whole bunch of park user fees on people yesterday to use our Federal parks.

So I'd like very much to have the information. I'd like to examine it, if you would do that for me, please.

Commissioner HARDY. Certainly.

Chairman JACOBS. Ms. Hardy, we hear that perhaps the procurement of computer hardware is far ahead of the procurement of the software for that hardware. Is there any validity to that assertion?

Commissioner HARDY. The software development has had problems. We believe that as we try very diligently to correct those that we will be in sync.

Chairman JACOBS. When?

Commissioner HARDY. It depends on what you count, Mr. Chairman. The terminals that are going into the offices now throughout the country and will be up by the end of 1988 do include software for claims, initial claims taking, et cetera. And those will be utilized as we go along.

The software that is not up to date yet is for post-entitlement actions, in other words, changes of address and all of that development. Those we are trying to bring up to speed as quickly as we can.

But I expect that still that hardware will be utilized. There is no doubt in my mind.

Chairman JACOBS. We even had some fears expressed that, well, just exactly the point that you made and perhaps that's the answer to the question that by the time all of the software is developed, the hardware may be obsolete and not able to handle it in a state-of-the-art fashion. Is that a danger?

Commissioner HARDY. That's been a discussion back and forth between all of our what we call higher monitoring authorities whether it's GAO or GSA or whoever and Social Security over the years.

That could happen. I do not think that will. It is a concern.

Chairman JACOBS. In any case, it would probably be a good policy if software falls behind perhaps in the future to delay the acquisition of the hardware. I know that wasn't on your watch as we're want to say in this hearing.

Commissioner HARDY. Well, no. I did sign one of the significant contracts in September for the 22,000 terminals. I believe that we've got to do better in the software area. There is no doubt about it.

Chairman JACOBS. The next thing I was curious about is the series of demonstration projects under the new disability law, and how they are working. As I understand, the law—I not only understand it, but helped write into the law the requirement that a survey be taken of those projects in various ways to determine how they're coming along.

I also hear that there is some ambivalence about the part of that survey that involves actual interviews with beneficiaries. Is that true? Is there some ambivalence about that aspect of the contract and of the mandate of the statute?

Commissioner HARDY. I am aware of your letter to the Under Secretary. I am also, and I'm sure you are, very much aware of the recent GAO report about the poor performance that we have had in this area.

We are very clear that the legislation asked us to implement demonstration projects. We now have ten going, and we will continue with those demonstration projects. It's the question, I believe, of carefully looking at the GAO report and making sure that we have the best kind of contractors to do the evaluation and that was a fairly heavy GAO report. So we have some concerns in that area.

Chairman JACOBS. The voice from above and slightly behind tells me that the GAO report is not a final report, is that correct, on that matter?

Commissioner HARDY. It may not be final, but I do believe we read them all whether they're semifinal, final or super-final.

Chairman JACOBS. No, but I mean they are subject to revision in consequence of which the conclusions may not be known yet.

Commissioner HARDY. When I see the final report, I'm sure we will look at it very carefully.

Chairman JACOBS. They always jump on the President for stressing episodic things, and one hears episodic reports, for example, Mr. Doggette, you speak about the statistics of waiting periods, et cetera, et cetera, and I can't help thinking about that old Bill Mauldin cartoon where Willy is standing in front of a card table just a little behind the line and Willy has his fingers through holes in his helmet, and the G2 says, "Nonsense. Intelligence reported that gun silenced hours ago and stop wiggling your fingers at me."

That's illustrative, I think, of the need to carry out the surveys with the actual beneficiaries rather than time and motion people with watches and all that sort of thing. It seems to me that that is fairly important.

It is the position of the administration that the Social Security Administration should not be made an independent agency, is that correct?

Commissioner HARDY. That is correct, Mr. Chairman.

Chairman JACOBS. Now, if it should be made an independent agency, in your opinion, should the independent agency include the OASDI program and Medicare or just the OASDI program? If it were made an independent agency which would be better? Which would be less worse or whatever?

Commissioner HARDY. I feel like I'm in a real difficult position, Mr. Chairman. I believe the Secretary has spoken to either you or your colleagues and has said that if that were to happen that he would support just OASDI.

Chairman JACOBS. Yes. And now the Benefacts Co. There were questions about whether it couldn't lead to commercial use when they procure these tapes, purchase these tapes from you.

Isn't the mere sale of the information to individuals some commercial use?

Commissioner HARDY. We aren't selling.

Chairman JACOBS. You're the wholesaler and they're the retailer when they deal with individuals, aren't you?

Commissioner HARDY. Yes.

Chairman JACOBS. Any further questions?

Mr. Mfume.

Mr. MFUME. Mr. Chairman, let me just express my appreciation to you and to the committee for allowing me to participate in this hearing, not being a member of the committee and to have an opportunity to ask a question.

Chairman JACOBS. Forge ahead.

Mr. MFUME. Thank you.

Commissioner, I toured recently your Metro West facility in downtown Baltimore and about 4 weeks ago the Dickinson facility in the county area. I had an opportunity to talk with hundreds and hundreds of employees in a free exchange.

And I was concerned as, I think, a number of people are, about whether or not morale is being affected by the efforts to streamline and to modernize. What I received over and over from those employees who represented different races, different ethnic backgrounds, different perspectives, some were urban, some lived in the county, some had been there a long time, some were rather new to the job, but all seemed to express to me, at least, general dismay and distrust regarding, as they see it, the agency's efforts to modernize and to streamline.

They talked about and pointed out what they considered to be an unfair increased workload in many instances. They toured me and showed me areas of their work environment that certainly did not appear safe and indeed were depressing.

They talked, as they saw it, those who were female, those who were black, those who were Jewish, about what they considered to be a general ghettoization of that Dickinson operation and they expressed over and over again, as a result of all of that, extremely low morale.

And they questioned as to whether or not they are being used in some sort of way, in an unfair way, as they see it, to help bring about this modernization and to bring about some of the streamlining that's taking place, and they think that there is not a great deal of interest concerning their problems because they're employees and are afraid to speak out. This was rank and file.

As I left the building, I was approached on the lot and subsequently received a number of phone calls from those who were in management who could not come out and say anything to me during the tour because they didn't want it to appear that they were complaining.

I received a number of calls and several letters from managers at that facility and the other one who expressed another fear. Their fear is that, and they are expressing low morale also, that as a result of this streamlining, they will be given an ultimatum to be relocated in God knows where to what's known as a service center, and if they don't take the relocation, that they are going to be terminated.

They, unlike the rank and file, don't have a union per se that will go out and argue their concerns and are again very much under the mindset that they are being victimized to some extent in a different sort of way because of this modernization effort.

Could you speak to that for just a moment? I've written you. I wrote you 5 weeks ago and I wrote you another letter this week because I'm concerned, and I want very much to get some sort of response from your Administration. I've not received it to date.

The Altmeyer Building, the Dickinson facility, the Metro West facility are all in my district. Almost 70 percent of those employees live in my district, and this is a genuine, honest concern that I'd like to get some response to.

Commissioner **Hardy**. I have assured all employees that there will not be any forced relocations, any reduction in force, and it's unfortunate that either they don't hear or they choose not to listen.

We are going through the downsizing. I think that, as I stated before, it's not an easy time. Modernization is a difficult new technology, much of which has not always reached the Dickinson Building yet, if you will, in terms of more systems, more hardware. And we do want the best to keep up the morale and to do the best that we can for our employees.

There won't be a reduction in force, I can only keep saying it over and over again. We have also given the people the opportunity, if they wish, to go to the field. We are retraining people, encouraging them if they want to through our employment plan, and I think that's a real positive kind of thing for the agency, and I guess I would say I'm displeased that you have this report for us.

We have tried to increase productivity, but we have also tried to make sure that we keep employees uppermost in our mind. We have set performance standards that I think can be met. We have increased the kinds of dollars that we can give out to employees in terms of performance, bonuses and awards.

And I think that Social Security is doing well in this area, and we do have room for improvement, and that's the direction we're going.

[The following was subsequently received:]

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

April 8, 1987

The Honorable Andrew Jacobs, Jr.
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

At your subcommittee's hearing on April 2, 1987, Representative Kweisi Mfume inquired about the status of a letter that he reportedly had sent to me. He asked why the Social Security Administration (SSA) had failed to respond after a period of several weeks.

Immediately after the hearing, I asked my staff about Mr. Mfume's letter. After a diligent search, we could find no record of such a letter. I then asked Deputy Commissioner Enid Borden to obtain a copy from Mr. Mfume's office, but his staff could not locate a copy either. We later received a letter from Mr. Mfume dated April 2, 1987, the same date as the hearing. We will be responding to that letter very soon.

As you know, SSA receives a large volume of inquiries from congressional offices and elsewhere. We give these letters our prompt attention and normally respond to them without unnecessary delays. Because Mr. Mfume's remarks could give a misleading impression about SSA's responsiveness, I believe that you should know the facts in this particular matter. I would appreciate your including this letter in the hearing record.

On another subject, there was some discussion during the hearing about the status of a GAO report entitled "Social Security -- Demonstration Projects Concerning Interviews with Disability Claimants." You should know that this report was released in final on February 19. I hope that this information is helpful to you.

Sincerely,

Dorcas R. Hardy
Commissioner of
Social Security

SSA's response to Representative Mfume's letter of April 2, 1987 on employee concerns is attached.

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

COPY

APR 20 1987

Honorable Kweisi Mfume
House of Representatives
Washington, D.C. 20515

Dear Mr. Mfume:

This is in response to your letter of April 2, 1987, expressing concern that staffing and administrative funding levels of the Social Security Administration (SSA) could adversely affect program administration and the provision of services to the public.

My goals with regard to SSA staffing and service to the public are to improve both productivity and public service by modernizing our way of delivering that service. I realize that accomplishing these goals will be difficult, but I believe that they can be accomplished through sound overall management--a high priority of mine which I know is shared by you.

One aspect of modernizing service delivery is to make that service more easily available to the public. Several ideas that we are pursuing are scheduling interviews in Social Security offices to reduce waiting times, experimenting with extended office hours to accommodate people who have difficulty conducting business with us during regular working hours, and promoting the use of the telephone as an alternative to walk-in office visits. Further, we are encouraging local managers to share their best operating practices with other managers, as suggested by the General Accounting Office, in order to reduce the variation in average workload unit times among geographic regions.

Continued systems modernization is also providing significant improvements in productivity and service. SSA's Systems Modernization Plan identified six areas needing modernization. In four of those areas (hardware, data storage, data center management, and telecommunications), modernization is substantially complete. In two of the areas (software development and management information), progress has been made, although much more work remains to be done.

These modernization achievements have resulted in many direct benefits to the public in the form of better service. As an example, the computer operation to increase beneficiaries' checks to reflect their additional earnings previously had a 4-year backlog. That backlog has been eliminated, and the operation is conducted promptly each year. Such direct improvements in service are supported by a foundation of many more indirect systems improvements, which have increased efficiency, lowered costs, reduced reliance on labor-intensive manual processes, and provided SSA with the modern tools needed to do its job, now and into the future.

Indeed, nearly every month we realize some immediate savings in labor or time from improvements in systems processes. In February, for example, we implemented an expanded capability to generate earnings records without the need for manual reviews. This will save an estimated 42 workyears at a minimum each year. In March, the system began to generate notices in some supplemental security income cases--an improvement which will save an estimated 350 workyears annually. These are two relatively small projects. But at any given time, dozens of such projects are proceeding which will permit us to realize substantial cumulative workpower savings.

In February, we also began nationwide implementation of our Modernized Claims System (MCS). Putting a new benefit claim into the computer system now involves four people: the interviewer who completes a paper application form; the clerk who creates a paper-log control; the data reviewer who prepares a coded data entry sheet; and the teletypist who keys the information into the computer system. Under the new MCS, one person--the interviewer--can efficiently put the claim into the computer system using a computer terminal on his desk. About 50 field offices each month will be converted to MCS, and by the end of the next year all field offices will be operating under the MCS.

The impression that SSA's systems modernization efforts are "way behind schedule" is perhaps due to recent reports from the General Accounting Office which pointed to delays in the schedule for implementing the MCS. While all the work planned for the MCS is not yet complete, the progress that has been made in streamlining the claims input process provides substantial efficiencies. Also, focusing on the few areas where our plans are behind schedule misses the many significant accomplishments that we have made in other areas.

While we are making strong efforts to modernize SSA's service delivery, I should mention that a GAO client satisfaction study found that about 80 percent of those who have dealt with SSA rate our service as "good to very good." About 90 percent of our clients said that SSA employees were courteous in serving them, and more than half those surveyed rated SSA's service as better than they received from any other government agency.

We know that a great deal of work is still needed to achieve our goals, but we believe that our plans are well conceived and will succeed in improving public service and increasing productivity. I look forward to working with you as we strive to make SSA more effective and efficient in serving the public.

Sincerely,

Dorcas R. Hardy

Dorcas R. Hardy
Commissioner
of Social Security

KWEISI MFUME
7TH DISTRICT, MARYLAND

Congreſs of the United States
House of Representatives
Washington, DC 20515

April 2, 1987

[illegible]
1987 APR -6 AM 8:57

The Honorable Dorcas R. Hardy
Commissioner of Social Security
Room 900 Altmeyer
6400 Security Boulevard
Baltimore, Maryland 21235

Dear Commissioner Hardy:

It has come to my attention that severe budgetary and staffing reductions have been proposed for the Social Security Administration which could have an extremely adverse impact on many of my constituents in the Seventh Congressional District. While I can appreciate the need, in these times of fiscal austerity, to find ways of reducing costs while improving productivity, the evidence in this instance seems not to justify the drastic cuts now being proposed.

There are continuing reports that SSA's systems modernization efforts are way behind schedule and that staff reductions are contributing to a general decline in productivity and staff morale. I am very concerned that any further cuts will have a devastating impact on the three SSA centers in my district and the beneficiaries they serve.

Regarding these cutbacks, I would appreciate receiving from you a detailed plan, explaining both the scope and rationale for these actions. It is my hope that whatever actions you plan will take into account both the possible unemployment repercussions and the absolute need to adequately serve the thousands of elderly and disabled people in my district who depend on timely and efficient service from SSA.

In the coming weeks, the Subcommittee on Social Security of the Committee on Ways and Means will hold hearings on SSA's management and service delivery, as well as the budget and staffing issues we have raised. I will follow those hearings closely to hear what steps you are taking to assure that SSA is adequately staffed and funded to accomplish the important objectives of the social security program.

Many thanks for your immediate attention to this matter. I will appreciate receiving as much information as possible on the issues raised in this letter.

Sincerely,

Kweisi Mfume

Kweisi Mfume
Member of Congress

KM/te

Mr. MFUME. Mr. Chairman, do I have time for one other question briefly?

Chairman JACOBS. Yes, please go ahead.

Mr. MFUME. Commissioner, just one other thing briefly. You spoke in your opening statement to the committee about the November 1986 GAO report. I'd like to talk about one a little more recent, and that's the recent report which was requested by my precedessor and which was extremely critical of your agency regarding employment and promotion of black men.

It talked about in great detail the failure of your Administration to maintain data on gender and on race. It talked about the 100 or so affirmative action plans that have all but been scuttled because of their ineffectiveness, and it talked about antiquated management techniques that have essentially allowed for all this to occur.

Has your agency begun fashioning a response to that report, and if so, could you certainly make it available to myself and to any others who may have interest in it, and if not, could you keep in mind that I am very much concerned about your response to that? And I would like very much to see it.

Mr. SABATINI. The response will be released or it may have been released in the last day or so, and we'll get a copy of that to you immediately.

[The following was subsequently received:]

Attached is the HHS response to the subject General Accounting Office report. This response was signed by Secretary Bowen on March 31, 1987, and forwarded to the appropriate congressional committees, the Comptroller General and the Director, Office of Management and Budget. The transmittal letters are also attached.

MAR 31 1987

The Honorable Charles A. Bowsher
Comptroller General of the
United States
Washington, D.C. 20548

Dear Mr. Bowsher:

In accordance with the requirements of OMB Circular A-50, I am enclosing the Department's comments on the U.S. General Accounting Office's Report, "Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Work Force," GAO/HRD-87-2 dated January 1987.

Sincerely,

/S/

Otis R. Bowen, M.D.
Secretary

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE GENERAL ACCOUNTING OFFICE'S FINAL REPORT, "SOCIAL SECURITY CAN DO MORE TO IMPROVE BLACKS' REPRESENTATION IN ITS WORK FORCE"

General Accounting Office (GAO) Recommendation

That the Secretary of Health and Human Services (HHS) direct the Commissioner of the Social Security Administration (SSA) to integrate the SSA-wide affirmative action plan into components' plans.

Department of Health and Human Services (HHS) Comment

Our current component plans and reports are integrated into an SSA-wide plan. GAO staff reviewed only three component plans, and observed that each component reviewed had employees in some of the mainstream job series identified for special emphasis in the SSA-wide plan, but that those series were not targeted for special emphasis in the respective component plan. From this, GAO concluded that they could not track all elements of the SSA-wide plan through each component plan they reviewed. Therefore, the plans, in their view, were not integrated into an SSA-wide plan.

Equal Employment Opportunity Commission (EEOC) Management Directive (MD) 707, issued January 23, 1981, provided Federal agencies guidance for development of Multi-Year Affirmative Action Plans (MYAAP) for 1982-1986. The MD outlines the plan submission for organizations of 500 employees or more with regional structures. Under this directive, plan policy is described as flowing from the organization head to the lower installation levels. The plans are next aggregated from the bottom up, in keeping with the MD to create the organization's complete, or total, plan. For example, following the EEOC approach, the components developed their MYAAP's based on their respective mainstream jobs. These plans were then aggregated into the SSA-wide plan. Thus, each lower level plan would not necessarily have every mainstream job series which is found in the aggregated SSA-wide plan, although the component may have some employees in those series. Implicit in the GAO recommendations is that the Agency should use a top-down approach as opposed to the bottom-up approach called for in MD 707. The top-down approach that GAO is recommending is in direct opposition to the EEOC guidelines.

The HHS guidance, Circular 1608-1720.2, for development of the MYAAP states:

> In developing work force profiles, some series will need to be aggregated differently from the EEOC requirement for examining those with 100 or more employees. Each Operating Division (OPDIV) should aggregate at levels which make sense and are

> statistically rational. This determination will be left to the OPDIVs and should be based on organizational structure and resources. When such changes are made, OPDIVs should inform the Department and provide justification.

Moreover, the Deputy Assistant Secretary for Equal Employment Opportunity, HHS, on January 28, 1983, submitted to EEOC the consolidated HHS Affirmative Employment Accomplishment Report for fiscal year (FY) 1982. The consolidated HHS MYAAP was accepted by EEOC as submitted.

Therefore, by looking at only 3 subordinate plans, GAO has failed to see the relationship of the 132 plans and how they form an SSA-wide plan. In actuality, SSA has gone beyond the requirements of both EEOC and HHS by establishing 23 mainstream job series SSA-wide. Under this structure, some components of less than 500 people have subordinate plans, whereas this would not have been required by EEOC or HHS. Strict adherence to the EEOC guidelines would have resulted in only 7 SSA-wide mainstream job series.

GAO Recommendation

Require components to report affirmative action accomplishments with sufficient information to determine whether affirmative action goals and objectives were achieved.

HHS Comment

GAO has stated that affirmative action efforts cannot be monitored satisfactorily or evaluated because SSA does not compile and analyze EEOC required data. It believes accomplishments cannot be tracked because SSA components are not required to report affirmative action accomplishments on EEOC Forms 508 (Hiring Goal Accomplishments) and 509 (Internal Movement Goal Accomplishments). It should be noted that a July 10, 1986 memorandum from HHS' Assistant Director for Employment Programs, Office of Human Resource Programs, announced that HHS no longer requires completion of the EEOC form 509 for the FY 1986 Annual Accomplishment Report.

The information on pages 30 through 40 in the GAO Report reveals that GAO reviewed only Equal Opportunity Data Systems (EODS) Tables 1 (Staffing Profiles) and 2 (Mainstream Job Series). These tables are equal opportunity (EO) staffing profiles for a specific date. EODS Tables 4 and 5 were not reviewed by GAO. These are staffing profiles which report comparisons of a current and preceding time period. Table 4 compares staffing, while Table 5 compares mainstream job series. GAO also failed to review component Personnel Transaction Tables 6, 6A, 7, 8, 9, and 10. Respectively, these tables give by number and percent: the grade and race, sex or national origin, the change in representation, accessions, conversions, competitive reassignments, noncareer ladder promotions and career ladder promotions. Therefore, contrary to GAO conclusions, sufficient information is tracked by components to determine achievement of goals and other EO activity, even though the information is not recorded at the component level on EEOC forms 508 and 509.

Components can and do track accomplishments against set goals. The information required is provided to components in the form of system-generated EODS Tables 6, 6A, 7, 8, 9, and 10. Tables 6 and 6A are manually aggregated to equate to EEOC form 508, while Tables 7, 8, 9, and 10, once aggregated, equate to EEOC form 509. EEOC MD 707A, B.1, allows for the adaptation of forms to data processing systems if the forms contain the required information. With the above tables and the information on goals, which the SSA Office of Civil Rights and Equal Opportunity (OCREO) provides to the components, component efforts are tracked.

GAO Recommendation

Compile race and sex data on all internal applicants at each stage of the selection process to fill job vacancies.

HHS Comment

We agree with the recommendation to compile race and sex data on all internal applicants at each stage of the selection process. This was originally the objective in the initial MYAAP but was not implemented due to priorities that were established to deal with limited programming resources. Implementation of this recommendation for headquarters will require systems resources, both for the programming and printing of data on schedule. SSA will write the specifications.

The four stages of the applicant flow process to be tracked and analyzed are: (1) applicants, (2) eligibles, (3) best qualified, and (4) selectee(s). Stages 1, 3, and 4 of the applicant flow process are currently automated. Until stage 2 of the process is automated, a manually prepared list of eligible applicants will be used to collect and analyze the complete applicant flow process for headquarters vacancies posted competitively. This interim procedure began with vacancy announcements with a closing date of January 23, 1987.

Data for noncompetitively-filled vacancies is currently available and will be run and analyzed quarterly, beginning for the first quarter of calendar year 1987.

SSA will take steps to automate the applicant flow data at each selection stage for headquarters vacancies and will tabulate and analyze the data at each stage of the selection process.

GAO Recommendation

Identify and act to reduce or eliminate artificial advancement barriers which adversely affect the advancement of underrepresented minority groups.

HHS Comment

SSA has completed the following seven headquarters barrier studies during the life of the MYAAP.

1. Barrier Analysis of the 1982 Advanced Managers' Program (AMP); GS/GM-13-14 Candidates.

   We performed adverse impact determinations at each stage of the selection process of the AMP. As a result of minor changes at various stages of the selection process, adverse impact was eliminated at each selection stage for all minority and female candidates. This analysis identified some deficiencies in the candidate rating process which will be remedied the next time the AMP is announced. To date, there has not been another AMP announcement.

2. Barrier Analysis of the 1982 Management Development Program (MDP); GS-11-13 Candidates.

   SSA performed adverse impact determinations at each stage of the selection process. As a result of slight adjustments at various points in the selection process, adverse impact was reduced and found to exist only at the GS-12 level for women. There was no other adverse impact found for women or minorities. Some irregularities in the system were detected. One major finding was that the numerical weights established for the six selection factors did not coincide with the "true" or "effective" weights of these factors. Greater control of the effective weights of the selecting variables will be introduced when the program is announced again.

3. The Statistical Effects of Race, Gender, Disability, and Grade Level on 1983 Non-Merit Pay Appraisal Ratings.

   Two subsequent studies conducted on 1984 and 1985 appraisals (number 5 and number 7 below) are to be released by February 23, 1987.

4. Adverse Impact Analysis of the FY 1983 SSA Headquarters Incentive Awards System.

   There were no significant disparities attributable to the gender or handicap status of award recipients. Racial differences also appear as relatively infrequent phenomena.

5. The Statistical Effects of Race, Gender, Disability, and Grade Level on SSA Performance Ratings: FY 1984 Employee Performance Management System.
6. Promotional Advancement as a Function of Applicant Race and Sex: SSA Headquarters Mainstream Series, FY 1984-1985.
7. Adverse Impact Analysis of SSA's FY 1985 Appraisal Ratings: The Employee Performance Management System.

Studies 4, 5, 6, and 7 will be disseminated with the study findings and results by February 23, 1987.

GAO Recommendation

Report on planned skills development activities for targeted underrepresented minority groups.

HHS Comment

While some SSA components developed and monitored their skills assessment and development section of the MYAAP to address only mainstream jobs and underrepresented groups, other components developed and monitored their skills assessment and development section to ensure that participation of employees was representative of their work force.

While we concur with the recommendation, implementation is impractical at this time. It must be recognized that we are in the final 7 months of a 1-year extension of the MYAAP. We do not believe we can require those components affected to revise their monitoring system to tie in skills development programs to the mainstream jobs and underrepresented groups in this short time period. In FY 1988, the skills assessment and development section of the MYAAP will be prepared in accordance with guidance issued during 1987 by EEOC and HHS.

Instructions for the preparation of the FY 1988 AAP's will be issued to those components, where applicable, to develop and monitor their skills assessment and developmental activities around mainstream jobs and underrepresented groups. Instructions will also be disseminated to those headquarters components that administer their own internal rotation development programs to tie those programs to underrepresentation and mainstream jobs. SSA will monitor centrally-funded developmental programs.

MAR 31 1987

The Honorable John Glenn
Chairman, Committee on
  Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the requirements of OMB Circular A-50, I am enclosing the Department's comments on the U.S. General Accounting Office's Report, "Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Work Force," GAO/HRD-87-2 dated January 1987.

Sincerely,

/S/

Otis R. Bowen, M.D.
Secretary

Enclosure

MAR 31 1987

The Honorable John C. Stennis
Chairman, Committee on
  Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the requirements of OMB Circular A-50, I am enclosing the Department's comments on the U.S. General Accounting Office's Report, "Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Work Force," GAO/HRD-87-2 dated January 1987.

Sincerely,

/S/

Otis R. Bowen, M.D.
Secretary

Enclosure

MAR 31 1987

The Honorable Jack Brooks
Chairman, Committee on
Government Operations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the requirements of OMB Circular A-50, I am enclosing the Department's comments on the U.S. General Accounting Office's Report, "Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Work Force," GAO/HRD-87-2 dated January 1987.

Sincerely,

/S/

Otis R. Bowen, M.D.
Secretary

Enclosure

MAR 31 1987

The Honorable Jamie L. Whitten
Chairman, Committee on
Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the requirements of OMB Circular A-50, I am enclosing the Department's comments on the U.S. General Accounting Office's Report, "Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Work Force," GAO/HRD-87-2 dated January 1987.

Sincerely,

/S/

Otis R. Bowen, M.D.
Secretary

Enclosure

MAR 31 1987

The Honorable James Miller, III
Director, Office of Management
  and Budget
Washington, D.C. 20503

Dear Mr. Miller:

In accordance with the requirements of OMB Circular A-50, I am enclosing two copies of the Department's comments on the U.S. General Accounting Office's Report, "Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Work Force," GAO/GGD-87-2 dated January 1987.

Sincerely,

/S/

Otis R. Bowen, M.D.
Secretary

Enclosures

Mr. **Mfume**. Thank you.

Mr. **Levin**. May I ask a question? You sent a letter 5 weeks ago and you don't have an answer?

Mr. **Mfume**. No, and we sent another one this past Monday, too.

Mr. **Levin**. As someone who is on the other end, I don't understand that.

Commissioner **Hardy**. We try to give all 535 letter writers very quick turnaround. Clearly that has not happened. We will go back and try to find the letter and answer it as quickly as possible. There should have at least been some kind of interim response, and all I could say is I have not seen it and we will look for it.

Mr. **Levin**. Because I think you have to understand if that's the way you handle inquiries from Members, Members have to wonder how you handle inquiries from non-Members, and I mean that seriously. Agencies that I knew of some years ago had an absolute rule of turnaround on members inquiries, and five weeks———

Commissioner **Hardy**. Is not acceptable. I agree with that, and we will do the best we can.

Chairman **Jacobs**. Sandy, I think I can explain that to you. I've told my staff over and over again that they are not to treat our constituents as though the constituents were I. They're to treat our constituents with respect.

You may not occupy as high a status in society as your constituents. [Laughter.]

Mr. **Levin**. Or we may be getting the same treatment.

Mr. **Daub**. Mr. Chairman, Mr. Mfume, I want to make a point. I would like very much for the Department to submit to me the productivity standard measurements of the employee workforce at that building. I would like to see if they're not doing their job for their people. Maybe that's why their morale is down.

Thank you.

[The following was subsequently received:]

Production Standards for employees in SSA's Office of Disability Operations (ODO) located in the Dickinson building are as follows:

Consistent with the Civil Service Reform Act and the SSA Employee Performance Management System, ODO has established job standards to promote efficient organizational performance and to facilitate valid management judgments as to employees' levels of performance, eligibility for within-grade increases and special monetary or honorary recognition. For positions for which quantity and quality of work could be objectively evaluated, numeric standards were developed based on representative performance data for technicians processing Social Security disability claims. A 100 percent case count procedure became the method for quantitative review in March of 1982. From this data, ODO derived average levels of performance for various positions and established reasonable ranges for the "fully satisfactory" performance level.

The key positions that make up the majority of ODO's claims processing work force are claims authorizers (CAs), benefit authorizers (BAs), disability examiners (DEs) and recovery reviewers (RECOVRs). The fully satisfactory ranges for these positions are currently established as follows:

Quantity

CAs - 9 to 10.9 cases per day
BAs - 9 to 12 cases per day
DEs - 10.1 to 12 cases per day
RECOVRs - 6 to 8.9 cases per day

Quality

CAs - Substantive accuracy 94 to 95.9 percent
Technical accuracy 92 to 93.9 percent

BAs - Substantive accuracy 91 to 93.9 percent
Technical accuracy 86 to 90.9 percent

DEs - Substantive accuracy 95 to 96 percent
Overall accuracy 91 to 93 percent

RECOVRs - Substantive accuracy 95 to 96.9 percent
Overall accuracy 92 to 94.9 percent

ODO monitors and reviews these standards throughout the year and makes periodic adjustments to increase or decrease them consistent with actual levels of performance and the need to provide timely and efficient service to the public. The standards established are consistent with Civil Service Reform Act and labor relations requirements that call for performance requirements that are reasonably within the achievement level of the average employee.

In general, ODO's technicians are consistently meeting and sometimes exceeding the fully satisfactory levels. Among key position employees, 98 percent of CAs, 95 percent of BAs, 99 percent of DEs and 100 percent of RECOVRs are performing at the fully satisfactory or better level of performance. Of the total technical population, 98 percent are performing at the fully satisfactory or better level of performance.

In accordance with SSA's negotiated agreement with the American Federation of Government Employees, the union is afforded the opportunity to participate in the development of performance standards. The union may provide advisory input when such standards are initially developed or revised. Additionally, the union is provided advance notification of new standards or changes in existing ones for bargaining unit employees and may request negotiations before such standards are implemented. Generally, the union has taken full advantage of these opportunities.

As a means of recognizing excellent and outstanding employee performance, ODO actively participates in the SSA Awards Program. For fiscal year 1986, ODO rewarded about 21 percent of its total staff through quality step increases, sustained superior performance or special act or service awards.

So far in fiscal year 1987, ODO has rewarded about 21 percent of its staff and that figure will likely be even higher by the end of fiscal year 1987. We firmly believe employees realize that superior performance is being recognized and that this in turn contributes to good morale.

Chairman JACOBS. Ms. Hardy, do you have figures on correspondence from Members of Congress? You mentioned 535. I'm hard put to believe we all have you in mind constantly.

Commissioner HARDY. You certainly do, Mr. Chairman.

Chairman JACOBS. Do we? What are the figures? How many letters a day do you receive from Members of Congress?

Commissioner HARDY. I don't know about day, but we receive literally thousands of pieces of correspondence over a year.

Chairman JACOBS. I'm not talking about a buck slip but a specific inquiry from a Member of Congress. What would you say you would average a day? Does anybody have an idea, and if not, could you get back to us?

Mr. SABATINI. We can get you specific numbers.

Commissioner HARDY. 300 a week seem to be minimum.

Chairman JACOBS. Wait a minute. Several hundred a day?

Mr. SABATINI. No. I'm sorry. It's total pieces of correspondence. From Members it probably runs 300 to 500 a week.

Chairman JACOBS. Would you check that? I'm talking about the kind of letter Mr. Mfume said that he sent. Not a constituent letter referred to you, but I would like to know. If you would let us know that figure. I think it might be helpful for the record.

We thank you very much for your contribution to the record.

[The following was subsequently received:]

We have compiled the following information regarding congressional inquiries received in SSA headquarters during fiscal year (FY) 1987 (through April 22, 1987) and FY 1986.

	FY 1987 (through 4/22/87)	FY 1986
Total Number of Congressional Inquiries (Written and Telephone) Received in SSA Headquarters	12,716	20,463
Weekly Average	454	394
Daily Average	91	79
Daily Average (Written)	64	55
Daily Average (Phone)	27	24

SSA does not maintain data that separate congressional inquiries by degree of sensitivity based upon the subject of the inquiry. We also do not have any mechanism, other than a case-by-case review of the entire congressional workload, of determining the percentage of cases that would be considered sensitive or critical.

For The Record

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

May 27, 1987

Honorable Andrew Jacobs, Jr.
Chairman, Subcommittee on
Social Security
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed are responses to the questions you submitted as a followup to the subcommittee's April 2, 1987 hearing on staffing reductions, service delivery, and management of the Social Security Administration.

Sincerely,

Dorcas R. Hardy

Dorcas R. Hardy
Commissioner
of Social Security

Enclosures

1. **How much additional work will result from the new tax law requiring children to have Social Security numbers, and the new immigration law using Social Security numbers to establish employment eligibility?**

Our preliminary estimates indicate that about 2,500 workyears will be required to process a maximum of 17.6 million additional applications for new and replacement Social Security number (SSN) cards that will be generated from the tax reform and immigration reform legislation.

SSA's outreach and public information efforts are targeted toward informing parents to secure SSNs for their children as required by the tax reform legislation, and we are encouraging as many as possible to do so in 1987. In addition, SSA has initiated a voluntary enrollment of school-age children in participating school systems and has developed new software which will permit SSA processing centers to assist, if necessary, the field offices in the data entry of SSN applications.

A process has also been worked out with the Immigration and Naturalization Service (INS) to issue SSNs to aliens whose status is legalized. By working together in this effort, SSA and INS will be able to avoid duplication of evidence processing and provide better service to legalized aliens.

2. **A GAO survey of beneficiaries found that half of all respondents waited for more than one-half hour for service in SSA field offices. Why is there such a discrepancy between what you claim are average waiting times (i.e., 7-12 minutes) and what your clients say?**

For several reasons we do not believe that the responses to the GAO survey of the public on this item are discrepant from our own data.

As GAO noted, SSA's reports do not include the time visitors spend waiting before seeing our receptionists. This issue is addressed in question 4.

Also, the GAO respondents were surveyed some time after their visit to an SSA office. I am sure the responses reflected their best recollection, but it could not be easy for respondents to remember accurately how much time they spent waiting during an office visit that may have occurred several months before. In addition, it is difficult to estimate the passage of time while waiting without accurately tracking and recording the time.

Since this GAO survey was conducted in November 1986, SSA has taken the following actions to improve accessibility to the public:

- Set a goal to increase the amount of work (both initial claims and postentitlement) that is conducted over the telephone. I am pleased to report that over 28 percent of the individuals who filed initial claims for benefits with SSA in the first 6 months of fiscal year (FY) 1987 chose to do so over the phone. This is a significant increase over our experience of 17 percent from FY 1986 and means that almost 337,000 fewer people had to visit an SSA office. Increasing telephone business makes SSA more accessible to the public by reducing the number of office visitors and by scheduling teleclaims for days and times when our offices are traditionally less busy.

- Began offering the opportunity to all members of the public to make appointments to conduct business with us.

In addition, both the GAO report and our own data show that waiting times have improved. We are committed to continuing improvements in this area.

3. GAO concluded that waiting times in SSA field offices were artificially reduced by placing more staff on intake of cases during the sampling periods. Does this lead you to question the accuracy of your own data?

In instances where we have received specific allegations to this effect, we have checked out the circumstances and, if necessary, corrected any problems. Incorrect reporting practices in this or any other area can mask potential problems and can lead to resources being misdirected. We will continue to correct erroneous reporting practices or inappropriate activities when we become aware of them.

4. In determining waiting times in SSA offices, you do not count the time a client waits to see a receptionist, yet GAO found that the waiting time doubled when this was taken into account. Are you not artificially reducing the waiting times?

Each report on service to the public that SSA has submitted quarterly to the House Appropriations' Committee has clearly stated that the time before a client sees a receptionist is not captured in our measuring system. The major reason for not obtaining this time is that a redesign of the data collection system to capture more detailed data would require assigning an employee to the front entrance solely to mark down the exact moment each client entered the office. We do not think that is a cost-effective use of workpower. We prefer to continue our current sampling practice which was designed after considering both the data we might want and the cost of collecting that data.

Even though the time a client waits to see a receptionist is not gathered routinely, in August 1986, we conducted a special study in 75 offices across the country to measure this time. The data collected indicate that 41 percent of office visitors are seen immediately by the office receptionist. The remaining 59 percent waited an average of 8.8 minutes. It should be noted that this study was conducted during the first 2 weeks of August, including the period when SSA checks are regularly delivered. This is traditionally our busiest time of the month. Also, many of those who waited to see the receptionist were actually greeted by a Service Representative who completed whatever action was necessary in most instances. These callers did not wait to see a second interviewer. This special study supports our belief that it is not necessary to change our current sampling system of measuring waiting time.

5. GAO found that more than one-quarter of the calls made to SSA offices received busy signals, were disconnected, or were placed on hold more than 2 minutes. Is this an appropriate level of service?

Since the GAO study was conducted in May 1985, we have taken several steps to improve our telephone accessibility. Some examples are:

- Where necessary we have added more personnel to telephone answering duties.
- Lunch and break schedules have been modified to improve coverage.
- Some offices have extended their office hours to increase their accessibility.
- The number of telephone lines from different telephone service areas into the teleservice centers has been modified where needed.
- Publicity concerning telephone service has emphasized low traffic periods as the preferred times to call.
- Managers' performance plans include an increased emphasis on teleservice.

We are committed to improving our telephone accessibility and are confident that we are moving in the right direction. As an example, we plan to install taped-message answering equipment in our teleservice centers. This equipment will give the public 24-hour, 7-day a week access to taped-message responses to frequently asked Social Security questions.

6. You have made it a priority to encourage the public to do more business with SSA over the phone. How do you reconcile this goal with GAO's finding that 48 percent of all clients surveyed could not get through to SSA on the first try?

As noted in our response to question 5, we are taking action to improve our accessibility by telephone, and we are confident that we can meet the increased demand for telephone service.

Also, we believe that many of our telephone accessibility problems are related to the increased demand for service in the early part of each month. Over 40 million people receive checks in the first week of each month. Even though only a small percentage of people have check-related problems, accessibility problems may result.

7. **Promotions and merit pay for SSA employees are often dependent upon their ability to meet established productivity quotas. It has been asserted by a number of SSA employees that a variety of devices are used to improve productivity artificially such as "reading out" a case before it is actually completed and then reading it in again as a new case. Does this type of practice lead you to question the accuracy of your own data?**

As indicated in response to question 3, we do investigate the circumstances involved whenever we receive a specific allegation of manipulation of workload data. We will continue to do so. In testifying before this committee, Mr. Richard Fogel, Assistant Comptroller General for Human Resources Programs, GAO, stated that GAO had not encountered in its studies or received from any SSA field offices any evidence to justify complaints about falsification of statistics in field offices.

8. **GAO found that of SSA managers who lost staff in FY 1985, 71 percent believed that the staff cuts had adversely affected their operations, decreasing productivity and work quality. How do you respond to this finding?**

The same survey of mid-level managers found that only 12 percent of the managers reported a decline in their units' performance, while 88 percent indicated performance was improving or stable.

Generally, the responses in this survey varied to a great extent, as could be predicted. The collection of such data is important, but the responses should be viewed as a whole, rather than individually.

9. **We have heard that your plan for transferring large numbers of headquarters employees to the field is causing a great deal of resentment among central office workers. How do you justify this policy?**

Under phase one of the Employment Plan we are making every effort to place those employees who volunteer for field assignments where they are most needed. We are giving priority consideration to filling positions in field offices, which provide direct service to the public. To date, the reaction of central office employees has been extremely positive, and almost 200 headquarters employees have volunteered for field assignments. Of this number, 74 have been offered and have accepted assignments for operations positions throughout the country.

Any employee concerns which may exist probably relate to phase two of the Employment Plan, which deals with directed reassignments. Phase two provides that should the voluntary process fail to achieve the desired results, we may need to use directed reassignment procedures to place employees where they are most needed. However, since the current high level of employee interest far exceeds our expectations, we have no immediate plans to proceed to the directed reassignment phase of the program.

10. **GAO reported last December that the projected cost of the Claims Modernization Plan had risen from $478 million to $990 million. Is that projection for the total cost still accurate?**

We believe that the question is directed at the Systems Modernization Plan (SMP) and have answered the question on that basis.

The original SMP included four programs at an estimated cost of $479 million and was scheduled to be completed in 5 years. We periodically reestimate the cost of the SMP and are now projecting that the original four program objectives will be largely completed by 1990 at a cost between $501 and $536 million. That is a cost variance of 5 percent to 12 percent--well within the industry average variance of 18 percent for major software projects.

In March 1983, the Systems Operations Management Program and, in January 1985, the Administrative/Management Information Engineering (AMIE) Program were added to the original SMP. Our current estimate for these two programs through FY 1989 is $165 million, which brings the total estimate for all six SMP programs through FY 1989 to between $666 and $701 million. Although some activities may extend beyond FY 1989, we do not expect the total cost to exceed this range.

Each year since 1982, SSA has published an SMP. This document is continuously revised, as it should be, to reflect our experience and to ensure that each new plan reflects the best possible course for modernization. In October 1985, the SMP reflected a cost estimate of $990 million. This estimate covered six major programs and a planning horizon of 8½ years, as opposed to the original SMP's 5-year horizon and four major programs. Experience has shown that the $990 million estimate was high. Actual award costs for the Data Communications Utility Program were substantially lower than original budget estimates (about $150 million lower). Cost estimates for AMIE have been revised downward (about $50 million lower) from those made in 1985. These revisions based on actual experience to date indicate that expenditures for all six SMP programs through FY 1989 should be between $666 to $701 million.

11. SSA originally projected that the full modernization project would be complete in 1987, then revised the date to 1990. Is 1990 still the completion date for the original plan?

The original SMP of February 1982 contained four programs: Capacity Upgrade, Data Communications Utility, Data Base Integration and Software Engineering. One year later in March 1983 Systems Operations Management was added and approximately 3 years later, in January 1985, Administrative Management Information Engineering was added. All of the programs are currently estimated to complete their original objectives by 1990. Some of the programs will be completed much sooner than 1990.

The Capacity Upgrade Program (CUP) has dramatically improved our hardware capability. By the end of calendar year 1988 the CUP will finish its remaining projects. Upgrading capacity and staying current with technology will become institutionalized as part of SSA's support of its strategic plan.

The Data Communications Utility Program has completed the installation of our new backbone telecommunications network. The local communication lines and terminals are being installed in each region now following a well constructed incremental installation plan that will be completed in December 1988.

The Data Base Integration program has revolutionized our data storage and retrieval capabilities. We now have immediate access to earnings and other beneficiary information. The remaining goal is to complete the general and full operating capabilities of our Data Base Architecture. This will be completed by the end of calendar year 1989.

In the Software Engineering Program, the software standards and software improvement goals are substantially completed. We are now training all systems personnel in the use of Software Engineering Technology (SET) standards. Software improvement tools have been evaluated, purchased and installed, and an ongoing improvement effort is in place. With respect to software redesign, the Business Systems Plan (BSP) studies have all been completed and functional requirements will be completed for all areas by 1989. Redesigned software is already underway for Claims, Debt Management and Enumeration, some of which has been in use since 1985.

The System Operations Management Program will be finished this year. This program has successfully implemented new methods, procedures, and tools to make the National Computer Center a well managed Data Center.

The Administrative Management Information Engineering Program is being refocused to concentrate on Office Automation and a prioritized list of key Management Information report requirements. The Administrative Management Information Engineering Program will be coordinated with the Software Engineering Program and is targeted for completion in calendar year 1990.

12. **You have reduced the scope of the computer modernization program considerably. Could you describe the difference between the original plan and the current plan? What difficulties led you to reduce the scope of the plan? Do you intend to complete the full project?**

I assume that this question refers primarily to the Claims Modernization Project (CMP), which was the subject of a recent GAO report. The scope of the CMP has not been reduced. The purpose of that project is still to implement a new claims processing system for Social Security benefits as part of our Systems Modernization Plan (SMP). Additional projects are scheduled to address other Systems areas. One closely related to CMP is the Program Benefits project. It picks up where CMP leaves off and will address systems related to postentitlement events such as changes of address and notices of death or marital status, as well as all supplemental security income claims and postentitlement events. When taken in combination, the CMP and the Program Benefits project will address all transactions related to title II and title XVI claims and postentitlement processing.

It should be noted that, while fully modernized postentitlement software is scheduled for completion over the next several years, the increase in the availability of terminals that occurred due to other projects under SSA's SMP now allows online access to all SSA master files to help local offices answer postentitlement inquiries from claimants and beneficiaries and immediately input postentitlement changes. What will be gained in the fully modernized postentitlement system will be the immediate editing and cross-checking of data that are input, as well as online updating of the data bases. These capabilities will allow a substantial increase in performance and service to the public.

13. **In the past, you and your predecessors have claimed that staffing reductions are made possible by technological improvements. With the systems modernization effort so far behind, does it really make sense to aggressively cut staff?**

SSA's reduced full-time equivalent (FTE) requirements are not only based on systems enhancements, but also on a variety of procedural changes and management improvements that are increasing Agency productivity. Examples of such procedural changes include elimination of unproductive alerts that required processing in field offices and processing centers, and expansion of the final authorization of claims in district offices. We are also achieving major savings from increasing productivity in operational areas and streamlining staff-support organizations to make more efficient use of personnel resources. Substantial savings have also resulted from management-initiated systems enhancements, such as including more cases in the automated claims processing system, and automating the procedures for field offices to furnish benefit information to State welfare agencies.

In addition, significant savings are projected from the major systems enhancements underway in SSA under the claims modernization project (CMP). While parts of this modernization effort will occur later than initially anticipated, major pieces of CMP are already being implemented and will yield significant workpower savings over the next several years. A major portion of the budgeted FTE reductions for fiscal year (FY) 1988 is attributable to the expected savings from national implementation of "front-end" claims software enhancements in the field offices. The projected savings are based on the elimination of data review technician and teletypist functions as claims representatives begin inputting claims data on the new terminals. These savings will continue to occur as CMP is phased in during FY's 1989 and 1990.

Although these activities are expected to yield significant savings, SSA is approaching staffing reductions in a well-managed and methodical manner. Annual budget submittals reflect savings only when we are confident that the planned systems, management and procedural enhancements will be in place and will result in the projected efficiencies.

14. **GAO states that about 94 percent of your claims work relates to "postentitlement" information (e.g., change of address) for ongoing beneficiaries. Why have you revised your original plan of computerizing all claims work and instead are just automating new applications, which make up only a tiny fraction of your workload?**

We have not revised our original plan for computerizing all claims work. We still intend to automate the full range of SSA claims and postentitlement systems. (See question 12.)

The statement that 94 percent of the claims work relates to postentitlement is true only if all types of transactions are assigned the same weight or value. It is not a correct indicator of workload. The 6 percent of activity related to claims-taking represents about 26 percent of the work done by our district offices. The reason for this is that gathering all the information required to complete and adjudicate a claims application is a far more complex and lengthy process than the vast majority of postentitlement actions.

15. **GAO indicated that SSA's failure to establish standards for its software may mean that millions of dollars may be spent on software programs which are not compatible with one another. What plans do you have to develop the necessary uniform standards?**

SSA has made substantial progress in developing and implementing its software program development standards. Policies, procedures and standards supporting an integrated systems life cycle (including both new development and maintenance of existing systems) are established in the SSA Software Engineering Technology (SET) manual. We have established standards for all areas related to requirements development and to software design and development. The next update will include all standards for systems (data center) operations. We are training staff on these standards and will complete the installation of SET this fiscal year. We will maintain the SET by updating and refining it, consistent with the changes in technology and SSA's needs.

SSA has made significant progress over the last 2 years in establishing a permanent staff to focus on this critical area. In addition, we have established both management and automated enforcement mechanisms to ensure that the standards and practices of SET are followed.

16. **GAO recommended that SSA reassess its new plan for purchasing computer equipment and renegotiate its contracts since the software needed to make use of the equipment is so far behind schedule. Has SSA slowed its purchases to prevent hardware from becoming obsolete before it is properly used?**

It is not clear whether the "computer equipment" that GAO is referring to in its report is either or both of the following procurements:

- The terminals, controllers, modems and communications lines connecting the National Computer Center with SSA's 1,300 field offices.
- The central computers required to support the SSA telecommunications network.

Terminal Procurement

In previous responses to GAO recommendations, SSA said it is willing to routinely review the procurement of new terminals to assure that they are being utilized as planned and to adjust the size of such procurements as warranted.

To date, it appears we conservatively estimated the volume of activity in our new systems. Utilization of terminals from a cost-benefit perspective is substantially better in both claims and postentitlement areas than the initial projections used to justify the procurement.

We have achieved significant improvements in service to the public in offices equipped with the new terminals. For example:

- As a result of use of the new online claims system, claims processing times have decreased by over 20 percent compared to 7 percent in offices without the new terminals.
- Postentitlement transactions can now be input online while the claimant is in the office or on the phone.
- The return visit or recontact of claimants/beneficiaries to correct data collection errors in the claims process has been virtually eliminated.
- Claimants can now have immediate information about their Social Security numbers, earnings records, payment records and other important data maintained on SSA's files.

Based on these indicators, SSA believes that the plan for terminal procurements continues to be justified.

Central Computers

The mainframe computers being procured to support the field office terminals are critical to maintaining the level of planned public service because of the increased volume of traffic above projected levels where terminals have already been installed. However, SSA will monitor utilization and, where necessary, adjust its procurement plans to meet required service levels in response to the business principles of technical requirements, efficiency and cost-effectiveness.

17. We have heard that the crucial function of managing and integrating SSA's new computer systems and processes--which has been contracted out--has been an area of major breakdown, inefficiency and delay. What are you doing to assure that the constituent parts of the modernization efforts are better integrated and coordinated?

To facilitate better management of systems, SSA's life-cycle methodology, the Software Engineering Technology (SET), has been made mandatory. We have placed increased emphasis on developing workable procurement strategies and carefully managing and executing them. A major component of our acquisition strategy is to minimize, if not avoid, sole source procurements.

While there have been deficiencies in the integration functions in the past, SSA is aware of the critical importance of integration in successfully completing systems modernization. SSA now has staff allocated to the integration function as well as staff of the integration contractor. With the assistance of the integration contractor, SSA has now put into place processes that identify integration issues and ensure that they are appropriately addressed and resolved. The integration function and processes involve all levels of SSA Systems management. Appropriate tools to support the integration function are in place, and integration is now further supported by the requirements of SSA Systems' planning and budget process, and its life-cycle methodology.

In May 1987, SSA expects to complete the award of a new contract for integration and management services to continue integration support through the remainder of the modernization effort.

18. We understand that bid for the systems integration and management contract has been protested. What is the nature of the objection, and the status of the protest?

The protester alleges that:

a. Certain evaluation criteria were assigned more weight than they should have been;

b. SSA did not adequately document the reasons for the award decision; and,

c. The Source Selection Advisory Council and Source Selection Official did not adopt the recommendation of the Source Evaluation Board.

SSA advised the General Services Administration Board of Contract Appeals (GSBCA) that none of these arguments has merit and recommended its award of February 6, 1987 be upheld.

SSA is awaiting a decision from GSBCA.

19. How many computers do you intend to install in field offices in FY 1987? How many have you installed to date?

The scheduled number of computer terminals to be installed in field offices in FY 1987 is 4,944. As of April 30, 1987, we have installed 1,866 terminals in field offices.

20. **The General Accounting Office (GAO) has criticized you for not monitoring on an ongoing basis the practical effects computer modernization will have on the quality of service delivered to the public. How do you respond to this criticism?**

SSA has ongoing assessment activities and special projects underway which monitor the practical effects of computer modernization on service to the public in terms of quality, timeliness and other service measurements. SSA has an ongoing quality review system for all SSA programs to assure quality in adjudication and payment. In addition, national and regional studies are conducted for specific purposes. For example, to analyze the effects of the recent expansion of final authorization of claims in district offices, a preimplementation analysis was conducted, and a postimplementation analysis is in progress. In addition to ongoing quality assessment activities, processing times for claims and claims-related activities are tracked for individual offices, and monthly management information reports are generated. Both the quality assessment and management information systems are sensitive to any changes that may result from computer modernization.

We have several special projects underway to monitor the effects of computer modernization. For example, as a field office goes live with claims modernization, an internal integrity review is conducted to ensure procedural adherence. We are also designing an ongoing study to monitor individual office performance under the new claims system. The study will measure processing times and the percent of cases processed through the new system. Finally, we will monitor on an ongoing basis public opinion of our service. We are in the process of obtaining a private contractor to conduct the first study.

21. **How many political appointees have you brought into the Agency and how does this compare with historical practice?**

Since I became Commissioner of Social Security on June 23, 1986, we have made 15 excepted service appointments under Schedule C. One has since resigned.

I have no specific data as to the number of similar appointments during the tenures of my predecessors. However, I feel strongly that each of the appointments since I became Commissioner reflects my commitment to manage effectively in today's environment and to prepare SSA to meet the challenge of the future. From my perspective, an essential part of this philosophy is the very real need to pull together the best combination of personnel to pursue the comprehensive and results-oriented agenda that I have set out for the Social Security Administration.

22. **GAO has recommended the creation of a fixed 8-year term for the Commissioner. What is your view of this proposal?**

My view of this proposal was set forth in my letter of January 23, 1987, addressed to Mr. Charles A. Bowsher, Comptroller General, in which I commented on the draft of the GAO report. In this letter, which is included as Appendix II to the report, I said that,

> The rate of top leadership turnover at SSA should clearly be a priority of any Administration and Congress. However, the ideal of one Commissioner serving a lengthy tenure may not be possible to achieve. And I do not believe the leadership vacuum has been created by the number of Commissioners as much as by the fact that there have been so many acting Commissioners, whose limited authority tends to result in the delay of important actions and decisions while the organization awaits permanent leadership. Regardless of the tenure of leaders, the most important objective for such a large bureaucracy is to ensure that SSA achieves stability in its direction. Our efforts to formulate a more structured and definitive strategic plan for the next 10-15 years should provide the vision and direction that will guide the Agency into the next century.

23. **We understand that you are contracting out the function of informing Federal employees of their earnings records under Social Security. Why is this necessary? If you cannot perform basic functions such as this one in-house, why are you cutting SSA staff?**

The effort is a significantly large, one-time project with a workload which will peak quickly over a period of about 2 months. There are private contractors with expertise in these kinds of projects, and we decided that it would be more efficient and cost effective to use a vendor than to divert SSA employees from their normal responsibilities to get the job done.

For example, using a vendor will allow the request forms to be scanned electronically. If SSA were to process the request forms, we would have to key in the data manually at our data operation centers, which would severely impact on other workloads at the centers. In addition, SSA's internal mailroom facilities are not equipped to handle receipt of the volume of requests expected or to distribute the earnings information after processing. (As you know, the monthly mailing of Social Security checks is done by the Treasury Department and not SSA.) Using a vendor would permit most of the work to be handled on an automated basis.

24. **We have heard from SSA employees that your statistics on payment accuracy are overstated and that underpayments and overpayments are frequent. How do you respond to these allegations?**

SSA systematically evaluates the accuracy of payments to beneficiaries. For example, the accuracy of retirement and survivors insurance (RSI) payments is monitored by an annual review of 2,000 cases sampled in January of each year. The findings from this review are published in our annual report. Payment accuracy statistics have shown constant improvement over the last 4 fiscal years. For FY 1986 the payment accuracy (i.e., without an overpayment) rate was 99.6 percent, and 99.8 percent of all benefits were made without an underpayment.

We also measure the payment accuracy of SSI benefits paid. For the past few years payment accuracy rates have been above 96 percent. For fiscal year 1986, the payment accuracy rate was 96.1 percent, and 98.8 percent of SSI benefits were made without an underpayment.

We are not aware of any evidence which indicates that these accuracy rates are overstated.

25. **We have heard that many SSA field offices are short on clerical personnel, and the clerical work is being done by claims representatives and mid-level employees. Have you found this to be a problem? Does it lower productivity?**

Since we are accomplishing our downsizing through attrition, and normal attrition occurs more frequently in some jobs, the mix of job types in a particular office may not always be appropriate. Such situations are temporary, and regional and local management have the flexibility to address these temporary imbalances in several ways.

On a national level we have implemented several projects to reduce the need for prior levels of clerical support in field offices. For example, we have installed word processing equipment in our large to mid-size field offices to reduce the need for repetitive typing. In March 1987, SSA automated the production and mailing of many Supplemental Security Income program overpayment notices that previously had been prepared by clerical personnel in the field. These are just two examples of how we are modernizing our operations to administer the Social Security programs more effectively.

26. **Can you provide us with further information on your effort to require disability claimants fill out on their own behalf a form describing the nature of their impairments and to increase the claimants's role in securing medical evidence for the disability determination?**

In 1980, SSA replaced the form SSA-401, used to gather information on claimants' medical and work histories, with three new and expanded forms; one of these, the Disability Report (SSA-3368-F8) is now the primary tool used to obtain basic information in a title II or title XVI adult disability claim. We do not require the claimant to complete any part of the form. However, the questions in the first part of the form, relating to the claimant's condition, treating sources, daily activities, education and work history, were specifically designed to be self-explanatory, and SSA field offices have used this part in the self-help interview format unless, of course, the claimant is unable to complete it.

SSA staff retain the responsibility to assure that a complete and accurate report of the claimant's condition and history is obtained. Reviews of disability case files have indicated no lessening of quality in this important facet of the disability determination process.

As part of our DDS work simplification initiative, in several regions we are testing procedures designed to minimize unnecessary development and increase claimant understanding and involvement in the claims development process. For example, one procedure will improve use of medical evidence of record by working with the claimant early in the application process to identify and timely obtain medical evidence from treating sources. During the interview, claimants may be asked to take necessary forms to their treating sources when a future appointment is near. Claimants may also be advised to tell treating sources to expect future contacts by the DDS. Also, in some instances claimants may be asked to submit medical evidence they may have. The more complete the documentation submitted from a claimant's own treating or examining sources the greater the likelihood is that a claim can be decided solely on the basis of that evidence, with less need for processing delays through, for example, an independent examination by a specialist. Currently about 60 percent of all cases are decided solely on evidence submitted from treating sources.

27. **We have heard that there are substantial backlogs of overpayment notices in Baltimore that are not being timely sent to disability beneficiaries. Is this a problem, and if so, how do you intend to resolve it?**

In March 1987, mailroom equipment in the Office of Disability Operations experienced repeated breakdowns. While the equipment was being repaired, many letters had to be folded and inserted in envelopes by hand. The loss of machine time resulted in a 1-week delay in the release of some letters to beneficiaries. The equipment is now operating reasonably well, and there have been no further delays in releases. We are evaluating the purchase of new mailroom equipment.

28. **How do you respond to the assertion that SSA does not intend to inform aliens that it is important that they correct earnings discrepancies, and that this policy is contrary to the mission of the agency in assuring that the records of all wage-earners are accurate?**

SSA is requesting the qualified designated entities (QDEs) that will be helping illegal aliens with their legalization applications to encourage all applicants to submit a Social Security number (SSN) application with their legalization package. The legalization application asks about use of other identities and SSNs. Although that information cannot be used for any purpose but legalization, it will give the QDEs a basis on which to advise applicants for legalization about the possible need to request correction of earnings records.

I can assure you that SSA will process the earnings discrepancies of aliens alleging incomplete or scrambled earnings records using the same procedure established for other members of the public who believe that their earnings histories may be incorrect. A request for correction of an earnings record should describe, or have attached to it, any evidence that shows that the earnings record is incorrect. SSA will evaluate the evidence submitted to determine if the evidence is sufficient to correct the earnings record. If it is insufficient, SSA will decide if corroborating evidence, e.g., from the employer, is necessary before the earnings record may be corrected.

29. **We have heard that there are serious payment accuracy problems associated with the District Office Final Authorization (DOFA) project. Can you provide us with information on the nature and extent of these problems?**

The accuracy rate for all RSI monthly benefit claims since the expansion of DOFA is 96.5 percent (September 1986 through February 1987), which is comparable to the 96.8 percent accuracy rate for the same period 1 year earlier. Field office accuracy for DOFA expansion cases is only 1.0 percent lower than that of similar cases authorized in processing centers during the preimplementation period. This slight change in accuracy is consistent with previous DOFA expansions, and it is expected that accuracy will improve as field offices become more familiar with their responsibilities. Claims processing accuracy is being closely monitored to identify problem areas so corrective action can be taken as necessary.

30. **Can you provide detailed information on the procedure used, and performance statistics related to, the replacement of lost or stolen Social Security checks?**

The procedure used for the replacement of lost or stolen Social Security checks begins when SSA receives reports involving "mass loss" of Social Security checks or individual reports from claimants. In both instances, SSA field offices obtain pertinent information from involved claimants (e.g., name, Social Security number, month involved, etc.) and input these data into the SSA nonreceipt computer system. This system verifies the accuracy of the input against the master record and, where accurate, prepares a tape file of replacement check claims for transmission to the Treasury Department's (TD) regional financial centers. This process takes about 24 hours from the time the nonreceipt claim is filed.

Upon receipt, TD verifies the accuracy of the claim against its data bases and issues replacement checks for "mass loss" claims within 4 to 6 days from the time the claim is filed. Claims from individuals for replacement checks require additional verification and authorization from TD's central data bases before replacement payments are issued. This process currently takes about 21 days from the date the claim is filed.

31. **We have been advised that Mr. James A. Kissko was awarded a $6,000 bonus after only 3 months of service with SSA. Is this true, and if so, can you explain the circumstances of this award?**

On April 8, 1987, Mr. James A. Kissko was granted a performance award of $6,395 based on his outstanding rating of record during FY 1986. This rating covered his performance in both the Office of Human Development Services and the Social Security Administration.

By law (Public Law 98-615), an employee with an outstanding rating must receive a performance award of at least 2 percent of his or her salary and may receive up to 20 percent when so authorized by the head of the agency, in this case, the Secretary of Health and Human Services. In SSA, performance awards are limited by our delegation of authority to 10 percent of an employee's salary. This was the amount approved for Mr. Kissko.

Chairman JACOBS. We'll call the next witness, Mr. Fogel, from the General Accounting Office. And I point out for the edification of the members our first witness, including questions, has consumed, or we have consumed, one hour and 16 minutes, which roughly means that we can finish about 9 tonight at this rate.

So I hope I can have unanimous consent that we will follow the 5-minute rule both in presentations and in inquiries. If there are omitted questions, we can come back, but in fairness to the witnesses waiting who will not be able to eat until midnight, we will follow the 5-minute rule. The gavel will drop at the end of 5 minutes in each instance.

Mr. Fogel, please proceed.

STATEMENT OF RICHARD L. FOGEL, ASSISTANT COMPTROLLER GENERAL FOR HUMAN RESOURCES PROGRAMS, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY ANDREW KULANKO AND BERNIE UNGAR, PROJECT DIRECTORS

Mr. FOGEL. Thank you, Mr. Chairman.

I would like to introduce my colleagues. Bernie Ungar was the project director on our management review, and Andy Kulanko was the project director on our service to the public work.

We are pleased to be here to discuss various aspects of SSA's operations that must be improved, so it can continue to provide high-quality service to the public.

To most of the 37 million people who receive benefits, SSA seems to run well, and our recent reports on service generally support that perception.

But our management review has shown that SSA has serious management problems that are clearly not visible to the public, have contributed to crisis situations in the past, and could interfere with its ability to effectively deliver services into the future.

To fix them, SSA needs strong stable leadership, better computer modernization management, better controls over the quality and efficiency of the service it provides, and better work force management.

Various circumstances and conditions have contributed to SSA's weakened leadership, but none is more significant in our mind than the conditions of the past decade during which SSA has had seven commissioners, or acting commissioners, with an average tenure of only 17 months.

Commissioners were in an acting status almost half of that time. Now these short tenures, their differing priorities, and management approaches resulted in frequent changes of direction, diminished accountability, and little long-term operational planning.

The results include problems and incorrect payments to certain beneficiaries, unclear and inaccurate notices, slow processing of address changes, and indeed, one of the most damaging results of this leadership condition has been the lack of agencywide planning.

SSA is not adequately prepared for the future. What is the result? Misconceptions and inconsistencies in component planning for program operations, computer modernizations, and staff reductions. And to provide stronger and more stable leadership, we recommend that the Congress legislate an 8-year fixed term for the Commissioner of Social Security.

This is very important when you consider computer modernization. SSA has already spent over $400 million on it, but the lack of strong, consistent, and technically qualified leadership in that area has created serious problems. Although progress has been made in modernizing hardware, there has been limited progress in the critical area which is software.

The program in fact is so far behind schedule that we do not believe some of the staff savings SSA estimated by 1990, as a result of computer modernization, will be realized.

What SSA really needs to do is scope down the modernization effort by focusing attention on a smaller, more manageable number of projects that addresses the most critical systems deficiencies.

SSA service generally receives high marks from its clients. Its traditional service indicators remain stable, and its employees and managers clearly are very committed to providing high quality service. And the response to our November 1986 survey indicates that clients generally perceived overall service at least as good, or better than it was 2 years ago.

But improvements are needed in such areas as accessibility to SSA by telephone, the timeliness of post-entitlement changes, the accuracy of earning records, and client waiting times.

The 5.2 percent staff reduction in SSA covering fiscal years 1985 and 1986 does not appear to have diminished SSA's overall ability to deliver the same quality of service that it did before, but we are not sanguine about the future.

SSA must do more than monitor its national and regional service level indicators to assess service adequacy. It needs to closely watch those individual components and offices experiencing reductions for early warning indicators such as workload backlogs or imbalances.

SSA's reluctance to set overall service, delivery, and efficiency goals makes it difficult, though, to determine how many staff are needed in each component and office to ensure that service will be at an acceptable level.

Nevertheless, we find that opportunities still exist for efficiency, and we believe that additional staff reductions can be realized, if they are managed correctly.

It is obvious that SSA's employees are anxious about the future, and while some anxiety is inevitable during periods of change, we believe that SSA needs to aggressively approach dealing with these problems by demonstrating more concern for its employees so that morale, dedication, and leadership do not deteriorate.

A well-run Social Security Administration is crucial for our country. Commissioner Hardy has been responsive to many of our recommendations, but how many of her initiatives will be sustained once she leaves?

GAO is committed to following up on our recommendations and reporting to the Congress on what is happening at SSA. However, unless the Commissioner has sufficient time to lead and direct changes needed at SSA, we doubt whether positive action can be sustained.

And the key to successfully solving the longstanding and difficult problems facing SSA is to have excellent stable leadership.

That is why none of the 50-plus specific recommendations in our March 1987 management report is more important than the one calling for a fixed 8-year term for the Commissioner.

That summarizes my statement, Mr. Chairman. We would be pleased to respond to questions.

[The prepared statement follows:]

STATEMENT OF RICHARD L. FOGEL, ASSISTANT COMPTROLLER GENERAL FOR HUMAN RESOURCES PROGRAMS

I am pleased to be here to discuss various aspects of SSA's operations that must be improved so SSA can continue to provide high-quality service to the public. We have published several reports on these issues, and I have attached the executive summaries of them to my statement.

I would like to highlight a few key points from our overall management review of SSA because they express the essence of what we think are SSA's fundamental problems. To most of the 37 million people who receive benefits, SSA seems to run well, and our recent reports on service generally support that perception. But SSA has serious management problems that are not clearly visible to the public, have contributed to crisis situations in the past, and could interfere with its ability to effectively deliver services in the future. To fix them, SSA needs: strong and stable leadership; better computer modernization management; better controls over the quality and efficiency of the services it provides to the public; and better work-force management.

STRENGTHEN AND STABILIZE LEADERSHIP

Various circumstances and conditions have combined to weaken SSA's leadership. But none is more significant in our mind than the conditions of the last decade, during which SSA has had seven commissioners or acting commissioners with an average tenure of only 17 months. Commissioners were in an acting status for almost half of that time. These short tenures, and commissioners' differing priorities and management approaches, resulted in frequent changes of direction, diminished accountability, and little long-term operational planning.

Consequently, SSA has not had the strong, stable senior leadership needed to correct significant long-standing management and service delivery problems. These problems include slow progress in improving and modernizing SSA's computer system and solving significant financial management and other long-standing problems that directly affect the quality, timeliness, and cost of SSA's service to the public.

Specific service delivery problems include (1) incorrect payments to certain beneficiaries due to weaknesses in SSA's annual wage reporting process, (2) unclear and inaccurate notices sent to beneficiaries concerning their benefits or eligibility, and (3) slow processing of address changes, which results in nonreceipt or late receipt of checks. Other problems include frequent reliance on slow, costly and error-prone manual processing to implement legislative program changes, confusing and difficult-to-use operating instructions for employees, and inadequate and inefficiently produced management information, which makes it difficult to know where improvements in operational efficiency are most needed.

One of the most damaging results of SSA's leadership condition over the last 10 years has been the lack of agency-wide planning. Short-term and acting commissioners have either overlooked or been reluctant to develop a formal planning process for the agency. As a result, they have not provided a clear and consistent sense of direction, and have not adequately prepared for the future.

What is the result? Misconceptions and inconsistencies in component planning for program operations, computer modernization, and staff reductions. Each component made its own assumptions regarding SSA's operational goals and objectives, how it would do business in the future, and its resource needs. The commissioner must take a leadership role in reaching consensus with the Congress on important issues regarding how SSA should operate in the future to best serve the needs of clients and improve efficiency.

To provide stronger and more stable leadership, we recommend that the Congress legislate an 8-year fixed term for the commissioner of social security.

BETTER MANAGE COMPUTER MODERNIZATION

The quality, timeliness, and cost of SSA's service to the public depend on its computer systems. Although SSA has already spent over $400 million on its current modernization effort, the lack of the strong, consistent, and technically qualified leadership needed to accomplish computer modernization effectively has created serious problems. While an acceptable modernization plan was developed in 1982, SSA has not followed it. As a result, although progress has been made in modernizing computer hardware, there has been limited progress in a critical area—improving software—and this has impeded higher quality and more efficient service delivery. The program is so far behind schedule that we do not believe that some of the staff savings SSA estimated by 1990 as a result of computer modernization will be realized.

Moreover, without the benefit of an agency-wide, long-range operational plan that details how SSA wants to deliver services in, say, the year 2000, we question how computer modernization can take place effectively. Such an operational plan would better assure that ADP systems will be designed to support the agency's long-range operational goals, rather than the other way around.

Several actions are needed to improve SSA's modernization effort. These include (1) designating a qualified manager to be accountable for this effort, (2) conforming the ADP modernization plan to an agency-wide operational plan, and (3) scoping down the modernization effort by focusing attention on a smaller, more managable number of projects that address the most critical system deficiencies. SSA needs to convince the Congress and its own employees that it can effectively manage the improvement of ADP operations. By directing its energy to achieving success on a more limited scale initially, SSA may be more capable of effectively completing a comprehensive modernization in the long run.

IMPROVE OPERATIONAL PERFORMANCE

SSA's service generally receives high marks from its clients, its traditional service indicators remain stable, and SSA employees and managers clearly are very committed to providing high-quality service. However, improvements are needed in some areas, including: accessibility to SSA by telephone; the timeliness of post-entitlement changes, such as address changes; the accuracy of earnings records; client waiting times; the accuracy of benefit payments; and the adequacy of assistance to medicare beneficiaries.

Responses to our November 1986 nationwide survey on SSA service indicated that, while clients generally perceived overall service as good or better than they did 2 years ago, about one in three reported waiting 30 minutes or more for service in field offices and about half reported not getting through to SSA on their first telephone call. Also, because of problems in processing address changes, only 1 in 10 beneficiaries receive their next check at the correct address. In addition, problems in recording earnings continue to contribute to incorrect payments to beneficiaries. And, of all the aspects of service, paying the correct benefit amount on time is probably the most important.

The 5.2-percent staff reduction in SSA covering fiscal years 1985 and 1986 does not appear to have diminished SSA's overall ability to deliver the same quality of service that it did before. But, we are not sanguine about the future. SSA must do more than monitor its national and regional service level indicators to assess service adequacy. Improved efficiency in some offices could offset reduced performance in other offices experiencing reductions and present a stable picture of overall performance. SSA needs to closely watch those individual components and offices experiencing reductions for early warning indicators, such as workload backlogs or imbalances, increased processing times and error rates, and longer waiting times.

SSA's previous reluctance to set overall service delivery and efficiency goals makes it difficult to determine how many staff are needed in each component and office to ensure that service will be above the acceptable level. Nevertheless, because we find that opportunities still exist for improved efficiency, we believe additional staff reductions can be realized. Indeed, two-thirds of SSA's top executives believe SSA could undergo staff reductions without adversely affecting public service if such conditions as adequate planning and additional computer system improvements exist. However, attaining the additional 8,854 reductions projected for fiscal years 1988 through 1990 without impairing service is likely to become more difficult as SSA cuts deeper and if its underlying assumptions change. For example, because of delays, some staff reductions anticipated due to computer modernization will not be realized by 1990. To better ensure that future reductions can be made without adversely affecting service, SSA must develop better guidelines for determining the number and type of staff needed at each location to provide at least an acceptable level of service.

IMPROVE WORK-FORCE MANAGEMENT

Many of SSA's employees are anxious about the future as the agency makes major ADP systems improvements, shifts workloads among organizational components, and implements staff reductions. While some anxiety is inevitable during periods of change and management has assured the staff that no RIFs will occur, employees and managers who responded to our March and June 1986 nationwide questionnaires reported significant concerns. More than half of the employees felt that morale was low and that management did not demonstrate much concern for them.

Further, about one-third of mid-level managers said that morale in their units was low and that management did not give much consideration to human factors during change.

We also found that SSA's management development efforts for SES and mid-level managers are inadequate. SSA faces a potential leadership crisis if large numbers of eligible senior and mid-level managers elect to retire soon and suitable replacements are not developed. Forty-one percent of SSA's SES corps, 55 percent of its grade 15 managers, and 40 percent of its grade 14 managers will be eligible to retire over the next 5 years. Unless SSA takes a more aggressive approach toward demonstrating concern for its employees and developing new managers, morale, dedication, and leadership could deteriorate to the point where productivity and quality of work would suffer.

A well-run Social Security Administration is crucial for our country. Commissioner Hardy has been responsive to many of our recommendations. But, how many of her initiatives will be sustained once she leaves? GAO is committed to following up on our recommendations and reporting to the Congress on what is happening at SSA. However, unless the commissioner has sufficient time to lead and direct the changes needed at SSA, we doubt whether positive action can be sustained. The key to successfully solving the long-standing and difficult problems facing SSA is to have excellent, stable leadership. That is why none of the 50 plus specific recommendations in our March 1987 management report is more important than the one calling for a fixed 8-year term for the commissioner.

That concludes my prepared statement. We would be pleased to respond to questions.

[Attachments to the statement follow:]

GAO

United States General Accounting Office
Report to the Congress

March 1987

SOCIAL SECURITY ADMINISTRATION

Stable Leadership and Better Management Needed to Improve Effectiveness

GAO/HRD-87-39

Executive Summary

Purpose

The Social Security Administration (SSA) touches the lives of almost all people living in the U.S. and accounts for about one quarter of the federal budget. While aspects of social security policy, such as eligibility or benefit levels, have always received public and congressional attention, less attention has been given to SSA's management. GAO reviewed SSA's management to determine how SSA could improve program operations and better prepare for the future.

Background

In fiscal year 1986, SSA employed about 78,000 people and spent $3.9 billion to administer programs that paid $200 billion in benefits to about 37 million people. Its two largest programs, which provide retirement, survivors, and disability income, are funded through two trust funds. Other programs are funded from general revenue.

Results in Brief

To most of the people who receive social security benefits, SSA seems to run well. They often receive courteous service, and SSA says most payments are timely and accurate. But, SSA has serious management problems that are not clearly visible to the public, have contributed to crisis situations in the past, and could interfere with SSA's ability to effectively accomplish its mission in the future. To fix these weaknesses and meet future challenges, SSA needs:

- Both strong and stable leadership, a condition that has not existed for the past decade. The Congress and administrations have not dealt effectively with this situation.
- Better management of its effort to modernize SSA computer systems so that progress in critical areas, including software development, is improved.
- Better planning to prepare for a future in which its operational and human resource needs are likely to change.
- More focus on financial management to alleviate problems caused by unclear and confusing responsibilities.
- Better controls over service delivery to identify inefficient and ineffective operations.
- Better work force management to improve the work climate.

The new commissioner, Dorcas Hardy, has begun to address SSA's problems. But congressional actions, such as establishing a fixed term for the commissioner, are essential if actions to improve management are to be sustained.

Principal Findings

Strengthen and Stabilize Leadership

Over the last decade, SSA has had seven commissioners or acting commissioners with an average tenure of 17 months; it was managed by acting commissioners for almost half the time. These short tenures, along with commissioners' differing priorities and management approaches, resulted in frequent changes of direction, diminished accountability, and little long-term operational planning. (See p. 40.)

SSA's functional organizational structure has not helped fill the vacuum created by instability in top leadership. It diffused accountability for programs and functions across the agency with little provision for integrating or controlling component activities. Consequently, SSA has been unable to correct significant long-standing problems in management and service delivery, provide a clear and consistent sense of direction to its components, adequately control its daily operations and its computer system modernization efforts, or focus on personnel management. (See p. 54.)

Better Manage Computer Modernization

SSA's slow progress in dealing with its most urgent and critical problem—difficulties in modernizing its computer system—is largely attributable to instability of leadership and the accompanying changes in direction since 1975. The most recent modernization effort, begun in 1982, has substantially improved computer hardware. But SSA has made only limited progress in one of its most important problem areas— software. As a result, much of its work and management information must be processed manually, which is slower, more expensive, and more error-prone than automated processing. Other factors contributing to slow progress include insufficient technical leadership and skilled personnel, an inadequate decision-making process, incomplete and unenforced software standards, and inadequate project tracking and integration. (See p. 134.)

Provide Clearer Direction

SSA plans to spend over $600 million to modernize its computer system and must implement a major staff reduction. However, it lacks (1) a clear sense of how it wants to deliver services and checks in the year 2000, when only about 20 percent of the people receiving benefits now will still be beneficiaries, and (2) adequate assurance that its modernized system will meet future service delivery needs. The absence of a long-term operational plan has been a primary cause of this situation. Ninety-two percent of SSA's senior executives believe such a plan is needed and/or desirable. Efforts to develop such a plan have been initiated on several occasions, but have been abandoned as commissioners changed. (See p. 100.)

Planning for future resource needs is critical to SSA. Over the next 5 years, 41 percent of SSA's senior executives, 47 percent of its grade 15 and 40 percent of its grade 14 managers will be eligible to retire at their option. Despite this, SSA does not have a plan nor has it systematically acted to identify and develop future leaders and managers. (See p. 206.)

Improve Financial Management

Because of inadequate controls, SSA cannot assure workers that their wage records are accurate, and it makes substantial overpayments annually. For example, SSA estimated that it made about $2 billion in overpayments in 1984, and it expects a net recovery of about $870 million (44 percent). Although SSA is aware of problems in its key financial management systems, it has been unable to fix them rapidly due to fragmented responsibility and lack of financial management leadership. For example, SSA's four deputy commissioners each had some responsibility for its major debt management system, 30 organizational units were involved, and no one other than the commissioner could integrate component activities. (See p. 74.)

Enhance Controls Over Operations

SSA's limited emphasis on efficiency has allowed wide variations in efficiency among similar units to persist. Previous commissioners have committed to correcting these problems, but left before accomplishing their goal. (See p. 168.)

Also, SSA has neither established nor used measurable, national benchmarks for service quality or timeliness for certain post-entitlement workloads. As a result, several service delivery problems went unidentified or uncorrected for long periods. These problems included unresponsive service to Medicare beneficiaries, untimely changes of beneficiary addresses, and unclear or incorrect notices that confused the public about benefit changes. (See p. 184.)

Better Work-Force Management

At least two-thirds of SSA's employees report satisfaction with many aspects of their immediate work climate. Many employees, however, are uncertain about their future and report dissatisfaction in several areas, including excessive emphasis on certain production goals and a perception that management is not concerned about their development or well-being during periods of change. (See p. 200.)

Commissioner's Actions

GAO briefed Commissioner Hardy on June 26, 1986—the day she took office—regarding SSA's management problems and possible solutions. She committed to moving quickly and has begun to implement a number of management improvements. Specifically, she established a central planning staff, SSA-wide objectives, and a tracking system to monitor progress and hold managers accountable. Further, she has made leadership changes for SSA's computer modernization effort and taken steps to improve financial management and service delivery.

Recommendations

Among GAO's key recommendations is that the Congress establish a fixed 8-year term for the commissioner. This term should give a commissioner adequate time to develop and begin carrying out a long-range operational plan, as well as to deal with issues requiring sustained efforts, such as computer modernization and how to best organize to provide high-quality service to the public.

GAO is making other recommendations to the Congress and the commissioner to improve management direction and control over agency activities and to enhance personnel management.

Agency Comments

The commissioner generally agreed with the report's findings and recommendations. Other former SSA and HHS officials commenting on the report also generally agreed with the findings. However, differences of opinion exist on how to improve stability in agency leadership and improve its organization. (See pp. 52 to 53 and 69 to 72.)

United States General Accounting Office

GAO

Report to Congressional Requesters

March 1987

SOCIAL SECURITY

Staff Reductions and Service Quality

GAO/HRD-87-66

Executive Summary

Purpose

In January 1985, the administration announced its intention to reduce Social Security Administration (SSA) staff by 17,000, or 21 percent, through fiscal year 1990. Because such cuts could adversely affect SSA service, the House Appropriations Committee asked SSA to report quarterly on its service levels.

In the summer of 1986—because of concerns expressed about the objectivity of SSA's self-evaluation—the Senate and House Appropriations Committees asked GAO to report on SSA service. This is the first of three reports to be prepared for the Committees in 1987.

This report examines: (1) the quality of SSA service, (2) the effect of staff reductions on service, and (3) the nature and extent of past and planned staff reductions.

Background

The terms "service" and "quality" are broad and mean different things to different people. For this reason, GAO examined SSA quality of service from a number of different perspectives.

First, GAO examined the data SSA regularly accumulates to measure performance. These data show how accurately SSA pays and processes claims; how long it takes to process initial claims and appeals of SSA decisions; the amount of work waiting to be processed; and how long clients wait in SSA field offices before being served.

GAO also surveyed SSA clients, managers, and employees. SSA clients were asked their opinions on the quality of SSA service. SSA employees and mid-level managers were questioned about the quality of SSA service and the effect of staff reductions.

To determine whether there was any indication that staff reductions have had a significant adverse effect on service quality, GAO also visited 15 SSA district and branch offices that experienced an average 25-percent reduction in staff over the last 3 years. At these offices, GAO obtained employees' perspectives and reviewed data on processing times and workloads.

To identify the extent of actual staff reductions, GAO determined where the reductions took place and the types of positions affected. GAO also examined SSA plans for carrying out staff reductions for fiscal year 1987.

Results in Brief

SSA's traditional performance measures through December 1986 generally show stable performance since fiscal year 1984—the year before the start of the staff reduction program. Similarly, about 80 percent of SSA clients GAO surveyed said that overall the quality of SSA service was good.

Most SSA employees and SSA managers said service or performance was good, but most in both groups said staff reductions have had an adverse effect on operations. In the 15 offices GAO visited, the data analyzed generally indicated service levels comparable to the levels provided by all SSA offices nationally, with one exception—a significant increase in mean processing time for claims for Supplemental Security Income for the blind and disabled. The increase however does not appear to be related to field office staff reductions.

Concerning staff reductions, in fiscal year 1987—because of reductions in its budget—SSA is planning to reduce work-year use significantly below the levels suggested by the Congress. Overall, the 6 year staff reduction program is on schedule.

Principal Findings

Traditional Performance Indicators Generally Show Stability

Accuracy rates have generally remained stable since fiscal year 1984, according to SSA data. Payment accuracy for the Retirement and Survivors Insurance program, for example, was 99.5 percent of the total dollars paid in fiscal years 1984 and 1985 and increased to 99.6 percent in fiscal year 1986.

Processing time for initial claims and appeals have generally improved, except for disability-related claims. Times for disability claims have increased because of the additional time required by state disability agencies to implement 1984 legislative changes for mental impairment cases.

With few exceptions, nationally the backlogs for SSA's major workloads are down substantially from 1984 levels.

According to SSA, the average time claimants wait in SSA field offices before being interviewed declined steadily from the January-March 1986 quarter through the December 1986 quarter—from a reported 12.3

to 7.2 minutes. GAO, however, believes that wait times are understated because not all waiting time is measured and some field offices give special attention to reducing wait times when they are measured for study purposes. (See ch. 2)

SSA Clients View Service as Good

The preliminary results of a November 1986 GAO survey show that about 80 percent of SSA clients view SSA service overall as good to very good. These results are comparable to the results of an identical survey done by GAO in 1984. (See ch. 3)

SSA Personnel Say Service Good but Reductions Are Having Adverse Effect

About 88 percent of managers GAO surveyed in 1986 said that the performance of their units had improved or was comparable to service levels 3 years earlier. Similarly, 87 percent of employees said that service was the same or better than it was 3 years earlier.

For those who said their units lost staff (55 percent of employees and 66 percent of managers), most said the staff reductions have caused problems. Fifty-six percent of these employees said that staff reductions have had a negative effect on the ability of their units to produce quality work, citing in particular lower morale and increased stress. For the managers who lost staff, 71 percent said the reductions had a negative effect on their operations, citing in general decreased quality of work and decreased productivity. Further, 64 percent of all managers said they were understaffed. (See ch. 3)

15 Field Offices—Service Deterioration in One Aspect Noted

For the 15 field offices, GAO examined data on processing time for four types of benefit claims and data on pending workloads. GAO found significant deterioration in service for the time to process Supplemental Security Income claims for the blind and disabled, which on average increased about 23 days—from 74 to 97 days. For all offices nationally, the increase in time for these claims was only 4 days. The principal reason for the larger increase in the 15 field offices is the relatively higher processing times of two state disability agencies (New York and New Jersey) which make medical determinations for 5 of the 15 offices. (See ch. 4)

Nature and Extent of Past Reductions

Since fiscal year 1984, SSA reduced its total work-year use about 8 percent. Staff reductions were largest in the Office of Disability Operations (14 percent) and the Program Service Centers (13 percent). In SSA field offices, data review technicians were reduced the most—about 23 percent.

From fiscal year 1984 through fiscal year 1986, SSA field office staffing declined 3.3 percent. While 58 percent of SSA's approximately 1,300 field offices had a net loss of staff for the period, 28 percent had a net staff gain, and 14 percent did not have any change. Most offices losing staff through fiscal year 1986 lost less than 10 percent of their staff. (See ch. 5)

SSA Increasing 1987 Staff Reductions

Because of budgetary shortfalls totaling $284 million, SSA plans to significantly reduce its fiscal year 1987 work-year use by about 5,300 below the 78,580 suggested by the Congress. SSA has stated, however, that it will monitor service closely and increase work-year use if necessary. (See ch. 5)

Staff Reduction on Schedule

SSA's proposed fiscal year 1988 budget would reduce staffing by an additional 2,454 full-time equivalent positions. Such reduction would bring the total for the first 4 years of the 6-year staff reduction program to 10,606, or 13.3 percent below 1984 levels, and put the reduction on schedule through the first 4 years.

Recommendations

GAO is making no recommendations.

Agency Comments

Concerning waiting time in field offices, SSA acknowledged that reported times were understated, and said it plans to monitor the time not measured on an ad-hoc basis and will emphasize to field offices that reported data must be representative of normal practices.

GAO

United States General Accounting Office

Report to the Secretary of Health and Human Services

August 1986

SOCIAL SECURITY

Improved Telephone Accessibility Would Better Serve the Public

Executive Summary

Purpose

Each year, the public places millions of telephone calls to the Social Security Administration (SSA). If a caller encounters a busy signal, no answer, or a long wait on hold, the result can be frustration, dissatisfaction with SSA, and increased visits to local offices. What does happen when the public calls SSA by telephone? Are the SSA telephone facilities meeting busy signal and average wait time standards? Does SSA management collect information on the telephone service provided?

This report, one of a series on SSA's service to the public, discusses the results of a GAO nationwide test of SSA telephone access and provides information on the agency's standards and telephone reporting activities.

Background

SSA maintains 34 teleservice centers to answer telephone calls in major metropolitan areas or entire states. These centers, serving about half the nation's population, answered over 22 million calls during fiscal year 1985. In less populated states and smaller metropolitan and rural areas, other types of central answering units and local offices provide telephone service.

For the 34 teleservice centers, SSA has set telephone service standards. Service is considered unacceptable if busy signal rates exceed 15 percent or incoming calls are on hold an average of 2 minutes or longer. For other facilities, SSA has no such standards.

To test SSA's accessibility by telephone, GAO made 4,044 random calls in May 1985 to all types of SSA telephone answering facilities and recorded the outcome of each call. Calls answered directly or within 2 minutes of being put on hold were placed in an "easy access" category; calls on hold longer than 2 minutes, disconnected, terminated after 10 rings, or getting busy signals were assigned to a "difficult access" category. For all telephone answering facilities tested, GAO also measured compliance with SSA's teleservice center standards.

GAO's review was not designed to determine the reasons for any differences in performance among the facilities tested.

Results in Brief

During the test period, SSA representatives answered about three of every four calls from the public directly or within 2 minutes of being put on hold, by GAO estimates.

But telephone access to SSA varied considerably among telephone answering facilities, and a number of them were providing unacceptable service by SSA standards. Success in reaching SSA also fluctuated according to the hour, day, or week and the area called.

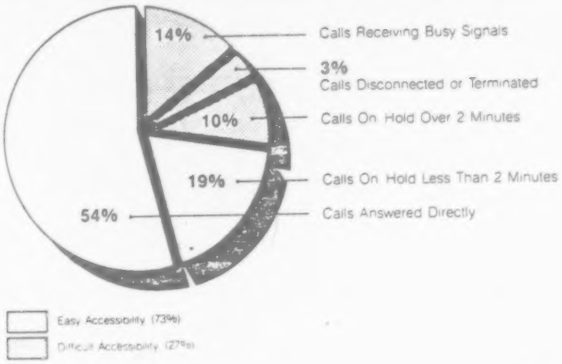
SSA has been unaware of the level of its telephone service to the public, however, because its telephone answering facilities report misleading and limited data. Moreover, only teleservice centers must meet SSA service standards. Without standards and data for all its facilities to measure compliance, SSA cannot adequately monitor its telephone accessibility.

Principal Findings

Three-Fourths of Calls Termed "Easy Access" In Nationwide Test

GAO's test results showed that 54 percent of telephone calls to SSA were answered directly, 29 percent were put on hold before being answered, 14 percent got busy signals, and about 3 percent went unanswered or got disconnected. Looked at another way, 73 percent of the test calls were classified as easy access and 27 percent as difficult access.

Figure 1: Overall Access to SSA by Telephone



For the 34 teleservice centers, the percentage of calls answered directly varied from 2 to 95, and calls on hold less than 2 minutes varied from 2 to 78 percent. Four centers had busy signal rates over the SSA 15-percent standard, and 10 centers exceeded SSA's 2-minute average wait standard for calls on hold. Some of SSA's other telephone answering facilities also failed to comply with teleservice center standards. For example, local offices as a group exceeded the 15-percent busy signal standard, and miniteleservice centers (small central answering units) as a group exceeded the average-wait standard for calls on hold.

A person's chance of reaching SSA was better if the call was made after 11:00 A.M., later in the week, or in the middle of the month, GAO's test calls showed. These results agree with SSA historical data. In periods of peak volume, when the public's calls to SSA are not randomly distributed as were GAO's, access could be more difficult than the overall averages reflected in this report.

The percentage of calls answered directly or within 2 minutes of being put on hold was highest in the Seattle Region and lowest in the New York Region, as table 1 shows.

Table 1: Calls to SSA Answered Directly or Serviced Within 2 Minutes, by Region

Region	Percent of calls placed
Seattle	83.3
Philadelphia	80.8
Dallas	80.0
Kansas City	78.0
Denver	76.4
Atlanta	75.8
San Francisco	75.8
Chicago	70.0
Boston	57.5
New York	49.5

GAO did not attempt to determine the specific causes for noncompliance and variations in access to individual SSA telephone answering facilities. Where telephone access is less than acceptable, SSA needs to determine the causes, for example, whether increases in staff, training, equipment, and/or telephone lines are needed to improve service to the public.

SSA Monitoring of Telephone Service Limited

SSA collects only limited data on its 34 teleservice centers' accessibility to the public, and some of the data is misleading and inconsistent. Centers record and report the percentage of time or how many times all lines are busy rather than actual busy signals. Also, to compute average wait time, centers use all calls received rather than only calls placed on hold.

SSA has little information on its telephone performance and no service standards for its other central telephone answering units and local offices serving half of the nation's population.

Recommendations

GAO recommends that SSA:

- Establish telephone service standards for all facilities handling calls from the public.
- Clarify the standard for average wait time to require that only calls on hold be used in computing the average.
- Periodically measure the accessibility of SSA telephone answering facilities against established standards.
- Take steps to bring into compliance those facilities not meeting established standards.

Agency Comments

SSA generally agreed with GAO's recommendations.

United States General Accounting Office

GAO

Report to Congressional Requesters

December 1986

SOFTWARE SYSTEMS

SSA Encountering Significant Delays in Its Claims Modernization Project

GAO/IMTEC-87-8

GAO

United States
General Accounting Office
Washington, D.C. 20548

Information Management and
Technology Division

B-220361

December 22, 1986

The Honorable Lowell Weicker, Jr.
Chairman, Subcommittee on Labor,
Health and Human Services, and Education
Committee on Appropriations
United States Senate

The Honorable William Proxmire
Ranking Minority Member, Subcommittee on Labor,
Health and Human Services, and Education
Committee on Appropriations
United States Senate

The Honorable Lawton Chiles
United States Senate

This is our third and final report[1] responding to your December 18, 1985, request for information regarding the Social Security Administration's (SSA) Claims Modernization Project (CMP). At one time, CMP represented a major SSA effort to improve the software used to process claims for benefits and to change benefit records, software that SSA had reported to be problem-ridden. In fiscal year 1985, SSA processed about 5.7 million claims for benefits and 68 million changes to benefit records involving $193 billion in beneficiary payments. Your request posed several questions regarding the nature and progress of the project (see appendix). To answer these questions, we reviewed (1) the agency's progress in achieving the project's original objectives and schedules and (2) related project management issues.

Although CMP has been SSA's primary software improvement project for the past 4 years, its accomplishments to date have been limited. Specifically, we found that the project's scope has been scaled back from redesigning software that processes (1) new claims for benefits and (2) post-entitlement actions (changes to the records of individuals already receiving benefits) to only redesigning the software for new claims. The post-entitlement area —which SSA has stated is presenting the greatest problems—is no longer being addressed under CMP. Even with these reduced objectives, CMP has fallen behind schedule.

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[1] Previous reports: Social Security: Actions and Plans to Reduce Agency Staff, GAO/HRD-86-76 BR, March 1986, and ADP Workstations: SSA's $64 Million Acquisition For Fiscal Year 1987 Should Be Reconsidered, GAO/IMTEC-86-34, September 1986.

We also found that major aspects of the reduced project need management attention in order for SSA to avoid creating systems that are vulnerable to problems that it has experienced in the past. First, the agency continues to develop new software before completing standards for software documentation, testing, and validation. Second, a pilot test of the project has not tested all performance aspects of the hardware configuration and software components and has not provided conclusive information on how the reduced CMP will help SSA achieve its goal of improved service to the public. Finally, despite the reduced scope of CMP, the delays being experienced, and the inadequate pilot testing, SSA is making a hardware procurement large enough to support the original CMP—an action we have questioned in the past[2] and still question.

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[2] ADP Acquisitions: SSA Should Limit ADP Procurements Until Further Testing Is Performed, GAO/IMTEC-86-31, August 1986.

Chairman JACOBS. Mr. Archer.

Mr. ARCHER. Mr. Fogel, I compliment the GAO on the thoroughness of your evaluation and your reports. Thank you for coming before our committee today.

You recommended that the Congress establish an 8-year term for the Commissioner, and our subcommittee bill, H.R. 1036, that we are looking at, specifies a 5-year term, and I just wondered what you see specifically as the advantage of an additional 3 years.

Perhaps you have already just said that in your comments, but you think it is essential that it be 8 instead of 5?

Mr. FOGEL. Well, I think that we do not think 5 is long enough, given—as you were saying earlier, Mr. Archer—the transition that SSA is going through now.

You are dealing with a very big organization, and as the Commissioner said, modernizing its computers is a very difficult problem. Dealing with employees in a fair and equitable fashion, communicating well, setting goals and objectives, and then implementing them is very difficult, 5 is certainly better than what we have now.

But we had a lot of discussion about this in the GAO and the Comptroller General felt very strongly that 8 years ought to be the minimum, given where the agency is now, and the need to really change the way it operates to deal with this massive increase in the number of elderly people we are going to have.

Mr. ARCHER. Well, we appreciate your input on that. In evaluating phone service and waiting times in your report, did you contact any other agencies or businesses to determine what standards others may have established?

For example, why did you use 2 minutes as the cutoff point for evaluating the phone service?

Mr. FOGEL. I will let Mr. Kulanko go into the details on that. We did try to look at some other criteria, that both, for example, the IRS had, and the private sector companies had.

One of the things I would like to stress is that one of the problems we see in SSA is that they do not have those types of criteria today, and if you are thinking about the future, and you want to change the agency, we believe it is important for them to establish some standards.

How long do they want people to wait? How many calls do they want to answer on the first time they call in? A whole series of things. But let me let Mr. Kulanko respond specifically.

Mr. KULANKO. In response to the 2-minute standard, that was a standard that the Social Security Administration had set and had measured. They did not want people to be on hold for more than 2-minutes.

We did talk to some other organizations to see what type of standard they had, and generally speaking, they had lower standards, as a general rule, than Social Security did in terms of how long they expected people to wait when they are on hold, and how frequently they got through without a busy signal.

Mr. ARCHER. By lower, do you mean a longer number of minutes, or a shorter number of minutes?

Mr. KULANKO. Shorter.

Mr. **Archer**. So those would be higher standards then, wouldn't they?

Mr. **Kulanko**. Yes, sir.

Mr. **Archer**. Okay. We have heard complaints in the past, primarily from the union, that some field managers falsify the statistics.

Other than the waiting time statistics which we have talked about, and which SSA agrees are unreliable, has the GAO encountered evidence to support the allegations that some field managers falsify statistics?

Mr. **Kulanko**. We have not found any other indications of records or information being falsified. We are aware of the allegations, and we have looked into some of them, and we are still looking into some others.

Mr. **Archer**. Okay. But so far, you have not found any support for that?

Mr. **Kulanko**. Except for waiting time, we have not.

Mr. **Archer**. All right. On March 4, 1987, the president of the AFGE's National Council of SSA Field Operations Locals sent a memo to the local union presidents, asking that examples of service-delivery problems, statistical cheating, budget-cut impacts, and other "bad stuff", be called to the attention of the GAO, or the Social Security Subcommittee staff.

I understand that our subcommittee staff has not received any calls, and I am curious as to whether the GAO has.

Mr. **Kulanko**. We have been in contact with people here locally, but, sir, we have not received any direct calls from people out there in the field.

Mr. **Archer**. So in spite of this importuning on the part of the union president of March 4 which is almost a month ago, there have been no specific examples that have been called to your attention?

Mr. **Fogel**. No, there have not been, Mr. Archer. I would like to comment on that, though. That does not mean there are not some anecdotal examples out there that employees or managers could report——

Mr. **Archer**. Well, no, I understand that nobody is perfect.

Mr. **Fogel**, No; that is right.

Mr. **Archer**. But my point is that after a month, you have not been deluged with——

Mr. **Fogel**. No, we have not.

Mr. **Archer** [continuing]. A lot of examples, although this letter went out, attempting to try to do that?

Mr. **Fogel**. No; that is right.

Mr. **Archer**. Thank you very much.

Chairman **Jacobs**. Mr. Levin.

Mr. **Levin**. Thank you very much. I have no questions, Mr. Chairman.

Chairman **Jacobs**. Well, I do not either. Thank you very much, Mr. Fogel, for your report.

Mr. **Fogel**. Thank you.

Chairman **Jacobs**. And the written report of course is in our office. We are grateful to you. I think every member of this committee has a profound respect for the GAO. As far as I know, you are way behind in American history on scandals.

The next panel consists of Kenneth Blaylock from the American Federation of Government Employees; Sheila Velazco, National Federation of Federal Employees; Cathy Overly, National Treasury Employees Union.

I presume all the witnesses were present when we said that we will expect the 5-minute rule to be not only observed, but obeyed.

Mr. Blaylock, you are listed first, so you can proceed in your own manner, and while you are getting unruffled there, there are certain questions that will be mailed to various witnesses by the committee, and the record will be left open for the responses to those questions.

You may proceed.

STATEMENT OF KENNETH T. BLAYLOCK, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY CHAPIN WILSON AND JIM STRAUSBERGER

Mr. Blaylock. Mr. Chairman, on behalf of the 72,000 Social Security workers that we represent, I do wish to express my appreciation to the committee for the hearings, and for the opportunity to present those views, and I would start by responding to Congressman Archer's previous question about the inquiry that was sent out by the president of the Field Ops Council.

We have 250 responses that my staff just got about a week and a half ago from that inquiry that went out to the field. In fact my testimony is really based on that, and what I bring to the committee in my statement which I would ask the total statement be entered in the record, and I will attempt to summarize it, rapidly.

That really is the basis of the testimony I bring today, and I will try to walk through in rapid order the basic questions you had asked in the correspondence that came to us.

Starting off with vacancies and workload, in the field offices we have almost a universal shortage of clerical staff because of very high turnover and hiring freezes, and pay and working conditions of a common SSA clerical position is so poor and so low, that we are not competitive today in most of the metropolitan areas. Post-entitlement work in particular goes undone.

Right now, the priorities are fixed on current claims, but even without priority claims, or a process with shortcuts designed to make the process and time look good, and even at the expense of accuracy, or the rights of the beneficiaries.

In 1978, SSA stopped examining full earning records of retirees and disabled workers to ensure that their earnings were fully credited, and their benefit computations accurate.

Since that time, over 4 million people have received benefits, and at least 10 percent have not been paid the full benefit to which they are entitled, and there is probably just as many errors on the other side.

As many as one-third of the earnings records for the years 1978 and 1979 alone were inaccurate. In order for me to make the processing time of claims look even faster while staff is being cut, SSA has eliminated quality assurance for large numbers of claims so they can be paid more quickly, and consequently, more inaccurately.

Our membership reports that because of the complexity of these claims—these claims have twice as many payment errors in them as the other cases when they leave the district offices.

Even according to SSA's official statistics, payment errors as high as 10 percent for retirement and survivor claims exist, and 19 percent in disability cases in this group, all of which now go uncorrected and are shortcut. In one case, Mr. Chairman, that is 1 out of every 5. In another case, that is 1 out of every 10 that are inaccurate. This is by Social Security's own accounting, not ours.

The so-called expansion of the district office final authorization of claims has increased the workload at the district field office level at a time when staffing, as you well know, is being cut.

Some of the offices are closing early so they can work on the adjudication which is a very difficult problem today, while other offices that have more interviews than they can handle are staying open later, or they are opening on Saturdays.

Offices are telling people to go home and call because there is not enough people to help them. Now this has been characterized as encouraging people to schedule appointments and use a telephone, but the stories we are getting from our people in the field offices relates more and more of elderly or disabled that have come into the office to file claims, being sent home, and told to call on the telephone, and then having to return the same day to bring down required evidence such as birth certificate, et cetera.

The telephone service in itself is a disgrace. The membership reports that in Teleservice Centers, one-third to one-half of all callers cannot get through because there are not enough people to answer the phones. Our membership in some district offices say that phones are put on hold first thing in the morning because there are not enough people to answer them.

In the Teleservice Centers, the employees are told that they are being monitored so their calls do not go over 2 to 4 minutes, and this generates a situation where it does not give people adequate time to explain to the beneficiary their rights, or their benefits, or their rights of appeal, or whatever the inquiry may be.

As to morale, I represent employees in 67 agencies of Government, as you well know, Mr. Chairman, and I would say that morale in the Social Security agency is the lowest of any agency we represent workers in.

These inquiries that we sent out and that the people responded to, it shows a high significance of employees who are just hanging on to make their retirement. The newer employees are saying they sure do not intend to make a career out of Social Security. So morale, you know, is very low, and just about all the money for training has been cut out.

Chairman JACOBS. Mr. Blaylock, your 5 minutes have expired.

Mr. BLAYLOCK. All right, sir. If I could just summarize with a couple of comments right at the end of it, Mr. Chairman. I would just like to say to the Congress, and to you, especially, we have been coming for eight years with these kind of stories.

And it seems to me that in every case, after we come and talk Congress does very little to move on the issue. GAO comes along finally, and does an inquiry, and verifies what the employees have been telling the Congress.

We hope this time, that under your leadership, this committee will dig into an agency that is a ticking time bomb, and as you well know one of the most politically visible programs we have in Government.

[The prepared statement follows:]

STATEMENT BY

KENNETH T. BLAYLOCK
NATIONAL PRESIDENT
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES
(AFL-CIO)

Mr. Chairman, my name is Kenneth T. Blaylock. I am the National President of the American Federation of Government Employees (AFL-CIO) which represents 750,000 federal and D.C. government employees, 72,000 of whom work for the Social Security Administration.

I thank you for the opportunity to testify before your committee today on the problems of Social Security management. We carefully considered the questions raised by your announcement of this hearing and shall try to reply to each of them in turn. Unfortunately, we were unable to review the report of the General Accounting Office that was completed last week and so we are unable to respond to it at this time. However, we shall supplement this testimony with our comment on that report and with whatever additional information that the Committee may wish.

Since last summer my office has received over 250 items of correspondence in response to my inquiries about problems in the Social Security Administration. Never in my 12 years as the National President of AFGE have I seen such response. None of these letters were complaints about labor relations or personal grievances, not that these do not also exist. But the whole purpose and thrust of these letters was the troubled and sometimes angry conviction that the Social Security Administration is going down hill.

My testimony is based on those letters and upon what Social Security workers tell me when I meet them around the country. I will make reference to documents and reports that they have also given me from time to time, but the value of my testimony has got to be the words of the Social Security employees themselves that I bring here today.

And what they say is this:

Vacancies are increasing and workloads are rising. Part-time employees are having their official hours cut because of cuts in full-time-equivalencies (FTE's). Temporary employees and other special trainees have been fired. The work cannot be completed without overtime, but overtime has been practically eliminated.

In field offices there is an almost universal shortage of clerical staff because of very high turnover and hiring freezes. The pay and working conditions of the common SSA clerical position is so poor that it is not competitive in most metropolitan areas.

Many workloads are neglected because there is no one to do the work. Post-entitlement work, in particular, goes undone as management fixes the priority on current claims. But even with this priority, claims are processed with shortcuts designed to make the processing times look good, even at the expense of accuracy or the rights of the beneficiaries.

This is nothing new. We have testified to Congress every year for eight years about shortcuts that SSA management has adopted that hurt the beneficiary. In 1978, SSA stopped examining the full earnings records of retirees and disabled workers to ensure that their earnings were fully credited and their benefit computation accurate. Since that time, over four million people have received benefits, and we believe that at least 10 percent have not been paid the full benefit to which they are entitled. As many as 1/3 of the earnings records for the years 1978 and 1979 alone were inaccurate, and because recent years of earnings figure high in benefit computations, their rate of inaccuracy may affect hundreds of thousands of recent beneficiaries.

Now in order to make the processing time of claims look even faster while staff is being cut, SSA has eliminated quality assurance for large numbers of claims so that they can be paid more quickly, albeit more inaccurately. Our membership reports that, because of their complexities, these claims have twice as many payments errors in them as other cases when they leave the District Offices, even according to SSA's "officical" statistics, and they have provided us with copies of internal studies showing payment errors as high as 10 percent for retirement and survivor claims and 19 percent in disability cases in this group--all of which will now go uncorrected in this shortcut.

This so-called "expansion" of the District Office Final Authorization of claims (DOFA) has also increased the workloads of the field offices at a time when staffing is being cut. Employees there tell us that the staffing cuts leave them with less and less time to work on claims adjudication and that they are spending more and more time in interviews. The number of phone calls and office visits has increased, and there are fewer people to handle them and less time to spend on them. As a result, some offices are closing early so that they can work on adjudication, while other offices that have more interviews than they can handle are staying open later or are opening on Saturdays. Offices are telling people to go home and call in because there are not enough people to help them. This has now been officially sanctioned as a mandate to "encourage" people to "schedule appointments" and use the telephone, a practice that is brought on entirely because SSA can no longer serve the people who come in the door. Our membership relates stories of elderly and disabled applicants coming to offices to file claims, being sent home to call on the phone, and then having to return the same day in order to bring in required evidence such as birth certificates.

The telephone service is itself a disgrace. Our membership in Teleservice Centers say that 1/3 to 1/2 of all callers cannot get through because there are not enough people to answer the phones. Our membership in some District Offices say that phones are put on hold first thing in the morning because there are not enough people to answer them.

In the TSC's and the DO's, both, our membership says the pressures to do as many interviews as possible as quickly as possible means that the public is not getting helped as it should. In the TSC's, the employees are told they will be monitored to see that their calls don't go over two to four minutes. Claims Representatives in DO's say there is not enough time to explain to people their rights and responsibilities for benefits and that this is causing overpayments and misunderstandings.

Our people pride themselves on the quality of their work and their personal service to the public. They often work through their breaks and into their lunches; they start to work before the office opens and stay after it closes, even though they are not paid for that time. So in the main, the quality of their personal work, their personal service, has not diminished; but there is so much they do not have time to do, and there is too much to do in the time they have.

Morale is poor. In most of our contacts, the employees say that the majority of people with whom they work are looking for other jobs or want to retire early, even if it means a penalty deduction. They speak of large numbers of resignations and say that the senior employees only stay because of their civil service retirement benefits, while new employees say they have no intention of making social security a career.

They say that the workloads make the employees irritable and nervous, that the workplace has become tense and competitive and that workers are reluctant to help each other because they do not have the time to spare and there is no incentive for cooperation when the performance standards pit them against each other. Our union stewards report increased incidence of stress-related medical conditions: hypertension, heart disease, colitis, ulcers. Sick leave usage is up, both because of illness and stress. But because of the staff shortage, use of annual leave for vacations is closely restricted, and employees who do go away find that nobody does their work for them while they're gone so that they come back to heavy backlogs.

The symptoms of frustration and overwork are worsened by the other budget cuts. Many field offices complain that they have been denied basic supplies such as pens, paper, and claims forms, and that funds have been cut to travel to contact stations or to visit shut-ins, and that they no longer stock basic pamphlets such as the one that explains Medicare. There is no money for training, they are told, and in fact training and instruction manuals have been eliminated. To save money, guards have been removed from District Offices, even where assaults and threats have been a common occurance, and in those offices some of our membership--most of whom are women, by the way, and who are required to conduct their interviews alone--feel afraid for their safety.

This, then, is the description of what it's like to work for the Social Security Administration today.

We know that you will be told that we exaggerate--what else do you expect them to say?--and that even so, the statistical measures of public service all look good and are getting better.

Frankly, we believe those statistics are lies and manipulations. This is a serious allegation, and I have never made such a sweeping allegation about any other government agency. But again, this is not the first time we have given this testimony. Ever since 1979, we have sought to make the Congress and the Executive Branch aware of our concerns, but to no avail. Not only have we documented wholesale falsifications in these statistical reports, but we have pointed over and over again to the way in which SSA has corrupted their practices in order to make those statistics look good. For what other reason would the Commissioner order employees not to take claims from dependents of disabled applicants, even though it meant they would be paid one to two months later than necessary?

The statistics, and even the argument over their reliability, distract us from the evidence of the deterioration of the Social Security Administration. Again, we have testified to this before. We can mention now even more and newer evidence. At this moment, according to the reports of our stewards, there are backlogs of beneficiary notices sitting in mailrooms of the Baltimore headquarters--150,000 in one, we are told, 500,000 in another--for which there is not enough staff and no overtime to get them mailed.

Two weeks ago I received the following letter from one of our members:

> "In my professional capacity I got a call from an analyst in OGA on 3/5/87 asking me if SSA needs to send the pamphlet "YOUR RIGHT TO QUESTION THE DECISION ON YOU CLAIM" to claimants that have been denied. This pamphlet explains the appeals process and tells about the right to representation. I was astonished that the question was even asked. She wanted justification for continuing the pamphlet

> because she has an assignment to recommend eliminating one out of every two pamphlets now printed, because the printing budget had been cut 53 percent. I asked why they don't go to Congress and ask for a supplemental appropriation. She said that was not an option. I recommended that they not eliminate the pamphlet and a better course of action was to seek more money for printing."

Reports like this are commonplace. They are disturbing and ridiculous in turn. It's hard to believe they are true, and yet even worse things are told, reports of deliberate and knowing deception of the public such as the following.

As you know, the Social Security Administration has been providing IRS form 1099's to all beneficiaries since 1984 so that they can report their social security benefits to IRS and pay taxes on them as required by law. Within the month a group of our members provided me with evidence that large numbers of 1099's for the years 1984, 1985 and 1986 are incorrect, that they are either much too high or much too low, meaning that social security beneficiaries paid too much or too little taxes. How great this number may be is uncertain, but it includes virtually everyone whose benefit may have been affected by worker's compensation or who may have received an underpayment in the tax year or who may have had a child getting benefits whose benefits were supposed to be suspended in the summer months. The numbers, we believe, are in the millions of people, and we are seeking to discover if there may be other categories of beneficiaries affected. The cause of the errors is technical, and I won't claim to understand it, but what disturbed me personally when I learned about it was that Social Security management has known about these errors from the beginning, has not attempted to correct the erroneous 1099's, and, in fact, has told the employees to ignore them.

None of this, of course, will appear in the statistics that they shall report to you. Nor are any of these workloads and expenses provided for in their budget, and that, indeed, is the ultimate cause and origin for the deterioration of the Social Security Administration. For it is without regard to the needs and mission of the Social Security Administration that the staff has been cut repeatedly since 1978 and the budget has been shortchanged.

Without regard, we say, for the known workloads such as those mentioned above (and hundred others such as the $60 to $100 billion of uncredited earnings which sit unworked year after year, the 1,600 workyears needed in 1987-88 to process social security numbers due to the Tax Reform of 1986, the 4,000 workyears needed to process social security numbers for new citizens because of the Immigration Act of 1986), without regard to the incorrect payments to the beneficiaries or to the hardships they cause, the SSA cuts its staff and cuts its budget.

There is no justification for these cuts. We know that SSA will say that these cuts are justified by the so-called Systems Modernization Plan (SMP). Ths is total nonsense. Studies of both the General Accounting office and the Office of Technological Assessment have rejected the allegation that the staffing cuts are based on systems improvements, and have found that, even if staffing cuts are justified (something which neither has fould clearly certain), the cuts being made are far too far ahead of the scheduled systems improvements. Let me add to that the first-hand experience of our members with the SMP.

Our membership welcomes SMP as a tool that will make it easier to them to do their jobs and to help the public that they serve. Where offices have additional computer terminals, we have found it possible to get information and make changes to beneficiary records more quickly. Getting some additional computer terminals will help them work some of the backlogs and give them more time to spend with the beneficiary or SSI recipient that has a serious problem. But the SMP itself which is supposed to go on these 22,000 new computer terminals is not the total systems overhaul that you've been lead to believe. It was, and it has been, pooorly designed and more poorly implemented.

As it is, it's no more than a multimillion dollar computer game that lets personnel put a few simple claims on the computer screen without having to fill out a form, but it saves not one minute of time; in fact, our membership reports it takes more time than before to do a claim like this. The computer has lots of pretty colors, beeps and scrolls, makes even more and fancier statistical reports for SSA to give to you, but in fact it will not handle disability paperwork, not handle SSI claims, not handle SSI redeterminations, and not handle most survivor claims.

The cause of this boondoggle lies not in its conception--SSA must rebuild its ADP, and we agree with the basic vision of the system. SSA has gone through three different systems redesigns since 1976. SMP was thrown together as a grab-bag of older schemes and quick fixes; it was a desperate act brought on by a crisis in the ADP that literally threatened benefit payments. The rapid and clever plugging together of new hardware saved SSA on the short term and bought some time to begin an overall reform. But SSA management has behaved unwisely and with shortsighted haste. First, there was the Great Paradyne Con in which SSA officials (some of whom are still in charge of SSA) bought futuristic computer terminals that turned out to be empty boxes. Then, facing the loss of over 100 key systems personnel because of yet another management turnover, SSA opted to contract-out its systems development instead of building in-house capacity. That contracting-out, as the GAO recently reported, has been ridden with poor workmanship and postponements to the point where GAO now recommends that the installation of the 22,000 computer terminals be postponed because the software is not ready for them.

Our membership in the National Computer Center of SSA reinforces these conclusions. They report to us that the core software of the SMP--the so-called Program Benefit module--is far behind schedule, is still so insufficiently and improperly documented that it cannot yet be written, and that indeed virtually all of the work of the contractors must be redone. Totally, SSA has over 75 employees working to redo what we have paid $4.6 million for the contractor to do. On its face the contract has been a bad investment, with an hourly cost of $71 versus the cost of an SSA analyst at $17. But the shortcomings of contractor products has been known to SSA from the beginning and our membership reports that none of those products have been done well. The reason for this failure is not any integral shortcoming of the private-sector contractor, but the unique software needs of SSA requires a comprehensive understanding of SSA work and of social security statute and procedures, and the contractors are literally taking years to become competent.

We are concerned at this time that the SMP will be rushed or forced because of the budgetary pressures upon SSA and the serious questions which AFGE, GAO, and OTA have raised about the quality of contractor products. We do not know that there has been bad faith in these contracts, but we do not think it necessary for the contractors to prove themselves at all costs. It is clear to us that these contracts should be dissolved or renegotiated based upon the performance of the contractors, and that SSA should undertake to stretch SMP development out to a more realistic schedule, taking into account the need to build full and effective technical staff to support it.

The issues involved in SMP are complicated and confusing. Many of our members have been working on these issues for several years, and on their behalf we wish to offer our assistance to the Committee to help its understanding. But we must say that the continuous disappointments we have all had with SSA over these systems issues has lead us to urge that an independent and standing forum of experts be established to enable the Congress to evaluate the ADP proposals of SSA and indeed perhaps all federal agencies. This was perhaps one of the intentions of the Office of Technological Assessment, but that has not worked. We renew this recommendation so that funds will not continue to be wasted and so that the SMP can realize its potential effectively and efficiently. The time it takes can only improve the SMP. There is no present urgency that demands the schedule that SSA has proposed.

We do not come to testify to these problems in Social Security management without strong recommendations for action. We seek to solve these problems once and for all. Accordingly, we urge Congress to initiate immediate and comprehensive investigation into the matters we have raised, and we are ready to assist the Congress in every way we can. We also urge immediate legislative corrections:

- To statutorily fix a floor to SSA staffing to ensure good public service;
- To establish SSA as an independent agency; and
- To establish public oversight of the Systems Modernization Plan as described above.

In conclusion, I must say that AFGE has come to doubt the will of Congress to deal with the issues to which once again we have testified. For eight years we have testified to these matters. Essentially, each year we have reported worsening conditions. Even when we brought testimony of the wrongful termination of disabled persons or of illicit and cruel collections of overpayments from people's benefit checks--all done in the name of budget savings, just like these staffing cuts--we found the Congress acted slowly and that many hundreds of thousands suffered. Similarly, our efforts to resolve these issues through our collective bargaining relationship with SSA has been frustrated with disappointment, and characterized by bad faith.

Accordingly, AFGE has found it necessary to take a new tact. We shall take these concerns directly to the public itself and to the elderly and the disabled that receive the benefits which our membership wishes to safeguard. We have started with a series of public service announcements for radio and television which, among other things, will explain to taxpayers that they shall need to obtain social security numbers for their children if they wish to obtain credit for them as deductions in future tax years. We have undertaken this because SSA has informed us that they will not spend the money to do this and we believe it is an essential public service. But we shall add to this other public service announcements and paid advertisements that will seek to advise the public that their benefits have not been computed accurately, that the 1099's issued by social security may be incorrect, that their earnings records may be incorrect and that this may cause a permanent loss of benefits. We understand that these actions may cause alarm among some, but we believe that the public's right to know and the individual's right to full and accurate benefits is foremost.

Chairman JACOBS. We thank you very much for your testimony. Perhaps more comments can come out during the questioning period. Miss Velazco.

STATEMENT OF SHEILA VELAZCO, NATIONAL VICE PRESIDENT OF REGION 9, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, ACCOMPANIED BY GLENDA BANDY, PRESIDENT, NFFE SSA COUNCIL, AND PATRICIA THOMAS, NFFE LEGISLATIVE DIRECTOR

Ms. VELAZCO. Good morning, Mr. Chairman, and committee members. We appreciate the fact that you have invited us, and allowed us to be here today.

With me are Glenda Bandy who is the NFFE/SSA council president, and our NFFE legislative director, Patricia Thomas.

We have submitted a statement and we would request that it be submitted for the record of the hearing. I do not want to address it here. I would rather address a couple of things that have come up during the morning, if I could.

First of all, we realize that the computerization of the agency is necessary. We hope it will provide a lot better efficiency and we hope it will reduce paperwork.

However, we realize, also, that computers cannot interview claimants. It is going to be the employees who do this. We are the ones who are going to have to answer the phones. We are the ones who are going to have to take the information from the claimants. We are the ones who are going to have to be compassionate, we are going to have to be effective, and if we have staffing cuts then the computers are not going to be able to do that work. We, the remaining employees, will have to do it. We also have to be well-trained. We have to have the equipment to be able to do all the work. So the budget cuts are going to hurt us, greatly.

And so while we realize that computerization is extremely important, we realize our employees are the most valuable asset that we have, and they are the first line of contact with the claimants, and are the ones that are going to deliver that service. And we want to make sure that we emphasize that more than anything.

Just a real quick example of some of the problems that we have. One office in Georgia contacted us recently. Two years ago they had 19 claims representatives who handled Social Security work, just Social Security, not SSI. Today they have eight. The woman who we talked with had 500 continuing disability reviews pending in the office—not for her—but 500 pending for the office. She just got, at the office that day, eight new boxes of additional reviews. The office had approximately 100 callback slips for people waiting to be interviewed, either for claims or for other items. They could not get to them. There is no overtime for their office.

One of the management people in the office has been with the Government for 18 years and is going to quit. He has been offered better work outside the Government and he is too frustrated. He said he cannot deal with it, and he is leaving. They are losing two of their branch offices, so the public will now have to come farther to receive service in the district offices.

This district office we talked to is going to receive the workload of these two brnach offices, but they are not going to receive their employees, so their workload is going to increase even more. This is not unique.

I was pleased to hear some of the information Mr. Mfume provided because for a while, I thought maybe I was working in the wrong agency, that I did not work in the same agency that I was hearing about earlier today, because morale is at a low level the employees are very interested in serving the public, but it is difficult.

They want to do a good job, but they are frustrated by not having enough time, by not being able to really calm down claimants when they want to. They want to do a good job, and they want to help the agency.

The agency has a large workload ahead of it, and we want to be there to help with it. I think that is all I really want to say at this time. I am hoping that a lot can come out in questions and answers.

[The statement of Ms. Velazco follows:]

STATEMENT OF SHEILA VELAZCO, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and Subcommittee Members:

My name is Sheila Velazco and I am a National Vice President of the National Federation of Federal Employees. Accompanying me is Glenda Bandy, the President of the Social Security Administration Council of NFFE's SSA Locals. We are pleased to have the opportunity to testify before the Subcommittee today.

The National Federation of Federal Employees (NFFE) represents employees in about 85 Social Security district and branch offices and teleservice centers across the country. All of these offices are field offices where employees interact daily with the public. These employees take disability, retirement and SSI applications and work on medicare claims, earnings enforcement and other maintenance activities for the programs that the Social Security Administration (SSA) administers.

Because of problems and concerns that constantly arise in the field offices, we have frequent, sometimes daily, communication with the district and branch offices. Thus, we know and understand the SSA's responsibility in serving the American public, and we also know quite well how the agency is meeting, or failing to meet, this responsibility.

Over the last few years the agency has given much lip service to service delivery. Unfortunately, this is exactly what it has been - lip service. Many of the agency's actions -- and the direction in which the agency is now moving -- work against public service.

Fifteen years ago the SSA claimed it employed some 80,000 people. The latest figure seen is 69,000. SSA now states that further reductions, up to 17,000 personnel slots, are still necessary. Furthermore, they claimed that these reductions will have no affect on service to the public.

In addition, the Administration has proposed further budget cuts. Implementation of these proposals could devastate an agency that deals with almost every American citizen or resident at some point in his/her life.

Since we represent only field employees, we will address the affect of staffing and budget cuts on field offices. It is in these field offices that the public is served. We will also address some of the problems encountered in the Disability Determination Services (DDS), the state office which make the disability decisions for SSA. Our members have a good basic knowledge of the shortcomings of the agency and understand how these shortcomings affect our service to the public.

The jobs SSA field employees perform are very stressful. The employees must deal every day with claimants who are undergoing major changes in their lifestyles. Some of the claimants are retiring after years of work and are unsure of what lies ahead of them in their old age. They are concerned about medical needs and costs, nursing home care, and the loss of income. Other claimants come to SSA to file for disability because they have been told they have cancer, emphysema, heart trouble or AIDS and have only a few months to live. Some have mental problems and cannot cope with life. Others have just lost a spouse or parent. Some are even so poor that they have no place to live, nothing to eat and nobody to turn to. They all come to SSA in hopes of finding somebody who will listen and help.

Therefore, our members must know how to deal with people with problems. They must also have good knowledge of the programs SSA handles in order to be able to determine benefit amounts, decide whether medical bills can be paid, figure whether increases are due, etc. In dealing with the public, the employees must be good listeners, patient and understanding and at the same time efficient. Sometimes they must be counselors, sometimes judges, sometimes administrators. In determining payments, they must be accountants, tax experts, life and health insurance agents, real estate agents, car assessors and lawyers.

These are the employees that NFFE represents. They are greatly affected by staff reductions and budget cuts. They are now hampered and frustrated by too few staff and not enough money, which in turn affects service to the public. It is the public that the agency is charged with serving.

Insufficient staffing is a particular problem. Over the last decade, the amount of paperwork required in taking applications has increased immensely. For example, years ago an SSI application for a child living with parents involved completing a 4 page application form, a 4 page income and resource statement from the parents, and an 8 page medical form. Today that same situation requires a 10 page application form, a 7 page income and resource statement, an 8 page medical form, and a 4 page payee form. If the claim is taken by phone, an additional 2 papers must be completed. Granted, the increased paperwork may be necessary and may have improved our accuracy, but it has also increased the amount of work required, not only at the interviewing stage, but also at the reviewing stage. Without enough workers, there is not enough time to do everything properly.

The computerization of SSA has brought with it, its own set of limitations and problems. While none of the SSA offices represented by NFFE have been put on the new computer sytem, all of the offices have nevertheless been affected. The system has changed office workloads and placed new demands on the employees' time. For example, the SSA office in Muncie, Indiana has 29 employees, 26 of whom are required to be familiar with -- and have access to -- the computer system. The office has two stations, each with a keyboard and a screen; there is one printer. Employees must wait 5 to 10 minutes to access the computer. There are times when the printer is down and needs to be repaired and cannot be used for hours. There are also hours or days when the response time of the computer is extremely slow because of high utilization across the country or when segments of the system are not available for a couple of days. There have been times when the entire system goes down for hours or a day.

Employees must now have access numbers and PIN numbers to obtain certain information from the computer. This requires the use of more time as employees must log on and off the computer. Thus, although the computer is helpful, it requires more time to do the work. With inadequate staff and limited equipment, there is no time. Furthermore, it must be remembered, no matter how efficient our computer system may become, employees will always need to spend time with the claimants. The personal contact, whether by phone or in person, is an essential part of the work that SSA does. The computer will not change this.

Some offices have only one photocopier and employees must sometimes wait in line to use it. Due to the constant use, the copiers frequently need to be serviced, during which time employees must do the copying by hand or delay the work. Some offices do not have the necessary copier supplies and must resort to bartering with other offices. If they are unsuccessful in their barter, the employees must do more handwritten or typed work.

Travel has also been restricted by the agency. Thus, necessary personal contact with individuals and agencies is affected. This results in inefficiency as most contacts must be made by phone or mail and are often ignored by the person being contacted. This limits our ability to get verifications and evidence. Even if the money for travel is available, we have been told at times that there is not enough staff available to allow somebody to make the personal contacts.

Contact stations in rural areas have been eliminated or are being staffed fewer days each month. Therefore, claimants must travel further to obtain agency service or they must use phone service. However, not all the public is willing to use the phone due to hearing impairments or just a dislike of doing business by phone. Many offices are trying to encourage the use of teleservice and some have been successful. However, the low quality of the FTS system results in poor connections and at times the lines go dead. During heavy utilization, the phone lines cannot even be accessed. This means more work for the employees as they must try several times before getting a good connection or a line. All of this leads to poorer service to the public.

Some field offices are experimenting with reducing the number of hours they are open to the public (e.g. some close an hour earlier, some for one-half hour or a full day). This is necessary because there is simply not enough staff to both interview and process claims and post-entitlement work. The reduced hours may be good for the claimants who have already contacted SSA. However, they don't provide adequate service to those members of the public who cannot contact SSA because the offices are closed or the staff is too busy interviewing during the open hours.

Training funds have also been restricted. This, too, has had an adverse affect on workload and efficiency. For example, if imbalances in workloads between Social Security and SSI occur, employees can be transferred from one program to the other. The two programs are dissimilar and require completely different types of knowledge. Yet, when the transfer is made, the employee is not given formal training in the new program, but rather is expected to learn on-the-job. Other unit employees may also help, but this takes time away from their own workloads.

Transmittals, outlining policy and regulation changes, come across employees' desks daily. Employees are expected to read and digest the materials and to apply them to the work they must process. Theoretically, many offices provide one hour a day during which the employee can familiarize him/herself with this new material. However, the hour is frequently the only time the employee has to process cases. This is a catch-22, because if the employee does not read the material, he/she may end up processing a claim incorrectly and then have more work later because the error will have to be corrected.

With inadequate staffing, post-entitlement workloads get backlogged. Backloads increase workloads because claimants could be paid inaccurately. This, in turn, causes overpayments or underpayments which require more contacts with claimants to explain the problems, take waivers, reconsiderations, etc. Service to the public suffers because claimants are not paid correctly, reimbursed in a timely manner for medical expenses, or given proper and timely notices.

SSA is also transferring regional and central office employees out to the field. These transfers bring their own special problems. Many of the employees have never dealt with the programs that SSA handles, let alone dealt with the public. Thus, even if employees have had formal training on the programs (and some have had no training), they need time to become productive. Also, their fellow field office workers must take time away from their own work to review the transferred employees' work, answer their questions and pick up the slack until the new employees become proficient.

Many field offices have insufficient clerical support. The clerical positions in some offices have become a training ground for private industry. Some clericals are hired on only a temporary basis and others go on to the more lucrative private sector after gaining experience. Clerical positions are spread so thin that some of them never really get good basic knowledge of the programs that SSA handles.

In the past, the clerical staff was a good source for promotions into other field office positions. These employees reviewed claims, worked closely with the other positions and became well acquainted with all facets of the programs. Now they no longer have time to understand the program requirements. This has been a great loss to the agency.

The lack of clerical staff also affects the rest of the office positions as the other workers have to step in and do the work that the clericals do not have time to do. This places more demands on the time of these other workers and affects their workloads and ultimately delays service to the public.

With the onset of merit pay for management, employees, and the public SSA is charged with serving, become incidental to statistics. The goal becomes good statistics at any cost, even if games have to be played to achieve them.

Due to all the pressures of the job and the lack of sufficient staffing, employees become stressed. Dealings between employees and with the public suffer. Stress causes more errors to be made. All this tends to lead to poorer service for the public.

Disability Determination Services suffer many of the same pressures and difficulties experienced by the field offices. In some DDS offices, worker turnover is high. This is often due to the fact that they, too, have changing work requirements, insufficient training time and only deal with disability claimants. Many DDS offices have been under hiring freezes for over a year. Yet their workload has increased as a result of court cases, more lenient definitions of disability, new regulations and policies, and attrition. Some of the offices have resorted to hiring temporary employees -- ones who come in for only a couple of days. These employees are not very effective as they neither understand the mission of DDS nor the requirements of the job.

In light of all the problems with service delivery and the increasing stress experienced by employees, the agency needs to reexamine its priorities. If SSA continues down the road it is now taking, it cannot fulfill its mandate. Service to the public cannot remain incidental to statistics, service needs to become again a major goal of the agency. Also, the agency must realize that it is the employees who perform the work of the agency and that these same employees are becoming burned out. Budget cuts and staff reductions will only aggravate the problems. Thus, we respectfully request that Congress help to redirect the agency's priorities and require the SSA to look realistically at what its budget proposals will do to service delivery and to its employees. Congress may well be the public's and the employees' only hope.

That concludes my statement. I will be happy to answer any questions you may have.

Chairman JACOBS. Fine. Miss Overly.

STATEMENT OF CATHY OVERLY, ASSISTANT DIRECTOR OF LEGISLATION, PRESENTING STATEMENT OF ROBERT M. TOBIAS, NATIONAL PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION, ACCOMPANIED BY ROBERT MEYER, LEGISLATIVE COORDINATOR, NTEU CHAPTER 235, DENVER, CO

Ms. OVERLY. I am Cathy Overly, assistant director of legislation. I am accompanied by Robert Meyer, a management analyst in the Denver regional office of SSA, and legislative coordinator for NTEU Chapter 235. We are pleased to participate in these hearings on SSA staffing reductions, service delivery, and management.

Your hearings could not be more timely because the Social Security system is being plunged in the greatest crisis in its history, a crisis brought on by calculated effort by this administration to dismantle the machinery that services millions of senior citizens and needy Americans.

It is the workers of this Nation, through their FICA taxes, who pay for every cent that is expended to administer the Social Security system.

In hearings held by your predecessor, both in Washington and in the field, Mr. Chairman, the theme was constantly expressed that beneficiaries have paid for good service with their tax dollars, and deserved nothing less. The cost of service today is only 1½ cents out of every dollar of benefit payments. This figure represents a system that is, on the whole, enormously efficient. Can anyone believe that in order to squeeze out a bit more efficiency it is necessary to plunge SSA into massive staff reductions and service delivery changes? Is this the way the President carries out his pledge to the American people to exempt Social Security from budget reductions?

The record shows that the administration's plans to reduce SSA by 17,000 positions between fiscal year 1985 and fiscal year 1990 was dictated by OMB, based on the Grace Commission report. The previous acting commissioner, a career SSA employee, balked at adhering to the planned schedule, and has been replaced.

The present Commissioner is responsible for informing congressional conferees on the Labor-HHS Appropriations Committee that the agency had unused funds of $171 million, thereby inviting a reduction in appropriations for SSA, which Congress subsequently agreed to make. Incredibly, the present Commissioner is now seeking to absorb another $113 million in costs associated with a Federal pay raise, and Federal Employee Retirement System, instead of asking for a supplemental appropriation.

Despite the impact of these cuts on staffing, morale, and services, the present Commissioner refuses to use SSA's $160 million contingency reserve which is available at this very moment to offset these reductions.

Instead, the Commissioner has imposed a budgetary plan that will reduce SSA by 5,200 workyears, and 3,600 workyears this year, in order to put the original OMB staff reduction plan back on schedule. To ensure that the planned reductions are achieved, SSA has promulgated an employee reassignment plan that will ultimately force employees to relocate, or leave the agency.

We pointed out in our testimony several ways in which the SSA budget has been cut this year, which is affecting, we think, the ability to maintain current services.

They are reducing overtime workyears in the field by two-thirds, reducing nonceiling workyears for work study summer interns and stay-in-school youth, and holding non-salary-controllable costs like travel, training, and printing to 53 percent of the fiscal year 1986 levels. And these cuts do have an impact on the resources that are available to process claims, and the ability to service outlying areas, and the homebound.

Employee morale in SSA is now at an all-time low due to a lack of promotion opportunities, insufficient emphasis on professional development, excessive workloads, and the rat race created by managers who are held accountable for their performance ratings for attaining statistical goals for production and timeliness.

The findings reported this morning by the General Accounting Office confirm our belief that in many offices reductions in staff have resulted in stress, apathy, frustration, and a reduction in the quality of work that may be performed.

These factors will be compounded immeasurably if Congress allows this year's staff reductions and the Commissioner's employment plan to take effect. By transferring grades GS–12 and above from headquarters to field vacancies, employment opportunities will be blocked for workers in the field offices, and with promotion opportunities severely limited morale will plummet, and SSA's best employees will depart for greener pastures.

SSA has continued to use the claims modernization project to justify some substantial reductions in staffing. However, based on SSA's experience with CMP to date, there is no indication that implementation of the Claims Modernization Project will reduce the levels of staffing that are needed in the field.

In fact, the project requires considerable staff training time, as well as a learning curve that includes some short-term productivity losses. Also, the claims modernization project now underway will only automate initial claims processing, which really only represents 2.2 percent of SSA's data transactions.

Instead of planning to let go more than 20 percent of its dedicated work force, SSA should be focusing its attention on the steps required to modernize for operations in the 21st century.

Such a plan, in the long-run, would save the American taxpayer billions of dollars, far more than the sums involved in the wholesale disruption of the agency and pursuit of staff reductions in the short term.

Here, as in many other instances in recent years, OMB's preconceived notions run completely contrary to the requirements for efficient Government management.

I would just like to conclude by urging you to seek a supplemental appropriation for SSA this year. We understand that the Rules Committee will be considering the supplemental soon, and we very strongly believe that another $100 million in supplemental funding is needed. Thank you.

[The prepared statement follows:]

STATEMENT OF
ROBERT M. TOBIAS
NATIONAL PRESIDENT
NATIONAL TREASURY EMPLOYEES UNION

Mr. Chairman and Members of the Subcommittee:

I am Cathy Overly, Assistant Director of Legislation of the National Treasury Employees Union. I am appearing on behalf of Robert M. Tobias, National President of the National Treasury Employees Union. NTEU is the exclusive representative of over 120,000 Federal workers, including all Social Security Administration employees in HHS regional offices, and attorneys in the Office of Hearings and Appeals. I am accompanied by Robert Meyer of the Denver Regional Office of SSA, and Paul Suplizio legislative consultant.

We are pleased to participate in these hearings on SSA staffing reductions, service delivery, and management. Your hearings could not be more timely, because the Social Security system is being plunged into the greatest crisis in its history, a crisis brought on by a calculated effort by this Administration to dismantle the machinery that services millions of senior citizens and needy Americans.

By the end of this fiscal year, the Social Security Administration will have eliminated over 5,000 work-years of effort needed to process the claims, benefit authorizations, Medicare support and other components of its huge and growing workload. What we are witnessing is a cruel assault, driven entirely by the political and budget priorities of the Reagan Administration, on the livelihoods and well-being of the thousands of dedicated SSA employees who have already taken a 10 percent reduction in staff since 1982 and have yet struggled to carry on their mission of service to the American people.

But that is only the beginning. In FY 1988, another 2,400 positions are proposed for elimination and SSA will begin a massive program of directed reassignments from staff positions to field offices. The entire agency will be faced with massive layoffs on a scale unequaled in the history of the Federal service if employees don't choose to knuckle under and accept the loss of their homes, being uprooted from their communities, and disappearance of their careers and promotion opportunities.

Unless this Subcommittee immediately intervenes, the reductions underway at this moment and planned for FY 1988 will reduce Social Security staff resources 20 percent below the 1982 level, with cutbacks of anther 6,400 positions planned for FY 1989-1990. Without a doubt, what we can then expect is a re-emergence of the already discredited Service Delivery plan of 1985 which called for the closing of 770 local offices. The assault on Social Security is not only an assault on the livelihoods of the workers, but on the well-being of millions of beneficiaries who depend on their local offices and who may be too ill or infirm to drive hours to one of the five hundred local offices that will be left if this Administration has its way.

How did we get to this situation? NTEU believes the Administration's calculated, deliberate effort to undermine the effective operation of the Social Security system by dismantling and disrupting its machinery should be completely exposed to the judgement of Congress and the American people.

The record shows that the Administration's plan to reduce SSA by 17,000 positions between FY 1985 and FY 1990 was dictated by OMB based upon the Grace Commission report; that the previous Acting Commissioner balked at adhering to the planned schedule and was subsequently removed; that the present Commissioner is responsible for informing congressional conferees on the Labor/HHS appropriations last October that the agency had unused funds of $171 million, thereby inviting a reduction; that subsequent to Congress' making this reduction the present Commissioner accepted the absorption of another $113 million in costs associated with the Federal pay raise and Federal Employee Retirement System instead of defending her agency by working for a supplemental appropriation; that the present Commissioner has refused to use SSA's $160 million contingency reserve which is available at this very moment to offset these reductions; that the Commissioner has instead imposed a budgetary plan that will reduce SSA by 5,200 work-years and 3,600 FTE's this year in order to put the staff reduction plan back on schedule, and SSA then promulgated an employee reassignment plan that is being used to uproot the work force to achieve the planned reductions.

We will document each of these assertions, which are on the public record and plain for all to see. What we are witnessing is the unfolding of a great tragedy in which the senior leadership of an agency, instead of faithfully standing up for the agency and dealing with the myriad problems that urgently require resolution if SSA is to be prepared for the enormous challenges it faces in the 21st century, has chosen to do the bidding of OMB and abnegate her responsibilities to the beneficiaries of the Social Security System.

It is the workers of the nation, through their FICA taxes, who pay for every cent that is expended to administer the Social Security system. In hearings held by your predecessor both in Washington and in the field, Mr. Chairman, the theme was constantly expressed that beneficiaries had paid for good service with their tax dollars and deserved nothing less. The cost of service today is only 1 1/2 cents out of every dollar of benefit payments. This figure represents a system that is, on the whole, enormously efficient. Can anyone believe that, in order to squeeze out a bit more efficiency, it's necessary to plunge SSA into massive staff reductions and service delivery changes? Is this the way the President carries out his pledge to the American people to exempt Social Security from budget reductions?

NTEU is not questioning the motives of anyone responsible for this calamity. What we are questioning is their judgement and their political and budgetary priorities. If they can't defend and uphold a system on which the dignity and well-being of millions of Americans depends, they should leave public service.

The separate pieces of this story are as follows.

The Grace Commission Report. A summary of the status of Grace Commission recommendations was provided by HHS to NTEU. Grace recommended: "SSA -- Create larger offices as backbone of system. Reduce number of offices to 500, and reduce employee populations accordingly." To this HHS responded: "Partially implemented...41 district or branch offices closed, converted, or downgraded and 605 contact stations closed since 1981."

OMB's Plans to Cut 17,000 Positions. In a staff paper entitled, "Background Information on SSA Staff Reductions and Office Closings" issued on April 4, 1985 the staff of the Ways and Means Social Security Subcommittee stated:

> Subcommittee staff has ascertained, from several sources, that the 19,000 reduction figure was originally a part of OMB's budget mark to SSA, and that SSA has simply been attempting to develop a plausible cover plan that could conceivably result in such a reduction in staff. The December memorandum makes this sequence fairly clear....
>
> Ongoing service delivery assessment has been tied to a budget mark from OMB for reductions in staff -- SSA appears to have no qualitative criteria for levels of public service, and the current examination is clearly being driven by staffing reduction needs, rather than objective examination of needed streamlining of outmoded office procedures and establishments.
>
> There is no clear evidence that real dollar savings will result from much of the reduction, since contracting out, retraining costs, and relocation for employees will increase dollar costs substantially
>
> The numbers in the plan are all very soft-- there is no clear evidence that these reductions can be achieved at all through systems modernization, which means more pressure on outright closing of field offices.
>
> One of the chief sources of SSA's systems problems of the last 10 years has been the inability to bring in from the outside more highly trained and sophisticated systems personnel, and the resulting degradation of the quality of ADP systems design personnel on the job. This problem could become endemic to the agency as a whole, if reduction in staffing results in relocating personnel unsuited and ill-trained for district office work into district offices. This plan does not address such qualitative problems.

Acting Social Security Commissioner McSteen's Response to OMB. When SSA was confronted with OMB's directive to cut 17,000 positions (19,000 work-years) by FY 1988, the Acting Commissioner responded in a memorandum in December, 1984 that, "A reduction of this magnitude by FY 1988 would clearly require a reduction in force (RIF)." SSA proposed, as an alternative, that the reduction be accomplished by attrition over the five-year period, FY1985-FY1990. SSA noted that this plan would have massive impacts:

> Data Review Technicians--The movement of large numbers of DRT's into Service Representative or Claims Representative vacancies as they occur will require many forced placements. The DRT's and the vacancies will exist in over 1,300 different geographic sites, and matching people with openings will mean physical relocation of personnel with the attendant costs and adverse labor relations impacts.
>
> Development Clerks and Teletypists--The reduction in the number of DC's and teletypists positions through attrition can probably occur largely within the turnover in each office. However, there undoubtedly will be a need for forced reassignment of some personnel between offices to match people with workloads. Also, the DC workload may not be reduced to the extent projected and thus the loss of DC personnel could put a further squeeze on already overtaxed clerical support.
>
> District Office Final Authorization--The loss of a significant number of Claims Authorizers in the processing centers raises several key concerns over impact. First, the payment error rate could be affected since the cases currently not under DOFA are the more complex and error prone. Second, a large proportion of the displaced CA's will have to be reassigned to operations jobs in the field offices or in headquarters. This will mean not only all the costs and labor relations problems associated with physical relocation of personnel, but also a considerable retraining effort and attendant loss of productivity to get the CA's prepared for their new positions. Third, the loss of the CA positions will have serious repercussions on the remaining PC structure. The modular structure and the numbers and grade levels of the supervisory and management personnel are all keyed to the CA position. A large reduction in the number of CA's would mean extensive staffing, classification and labor relations problems for the remaining structure as well.
>
> Finally, for this area as well as for many of the others, the adverse impact on employee morale will be very real. First, serious organizational upheaval in the PC's will have a significant impact on the morale, and most likely productivity, of the remaining employees. Second, morale within the receiving components will be impacted by feeling forced to take employees not of their choosing and who take away opportunities for those who are better qualified. Lastly, the morale and productivity of any employee forced to change jobs will be low.

In other words while Commissioner McSteen was in charge, SSA fought back by making clear to OMB and Congress the drastic consequences of the staff reduction plan.

In FY 1986, OMB's Staff Reduction Plan Was Not On Schedule. The following table based on GAO's study of SSA's staff reductions (HRD 87-66) shows that 4,500 positions had been eliminated by the end of FY 1986:

	FY 1984	FY 1985	FY 1986
FTE	80,455	78,221	75,964
Difference from previous year		-2,234	-2,257

In FY 1986, the Appropriations Committees refused to go along with the proposed reduction for this year, but 1,800 positions were lost through a Gramm-Rudman-Hollings budget cut. Thus, for OMB to achieve its goal, the number of positions eliminated would have to be raised to a rate of 3,100 annually in the remaining four years of the phasedown. Acting Commissioner McSteen had tied any reductions to the successful implementation of the automated Claims Modernization Project and other system changes. In testimony before this Subcommittee on April 3rd, 1985 she stated her policy as follows:

> Substantial further reductions in personnel will be dependent upon how successful we are at achieving the transition to state-of-the-art automation of claims processing and in other productivity and management improvements in our operations. Each year when SSA prepares its detailed administrative budget for the upcoming fiscal year, the agency will assess whether planned changes in staffing levels for the upcoming fiscal year are appropriate given the state of agency workloads, achievement of automation goals, and other factors....Jobs will not be phased out until the new systems are in place and working well (emphasis added).

SSA Initiates $171 Million Reduction in FY 1987 Appropriations. In June, 1986 Acting Commissioner McSteen was replaced by Commissioner Hardy. In taking action on Labor/HHS Appropriations for FY 1987, both Senate and House Appropriations Committees had approved 74,437 average positions, 1,167 more than the Administration had requested. If this budget had been approved, a staff reduction of 1,525 positions would have occurred in FY 1987 -- half the size needed to keep the OMB plan on schedule. Sometime in September, when Senate and House conferees were meeting to complete action on the appropriations bill, SSA in effect volunteered itself for a $171 million budget cut. The Conference Report (99-960) dated October 2, 1986 describes what happened as follows:

> "Last month, the conferees were informed by the Social Security Administration that they expect to lapse at least $171,000,000 in FY 1986. This results from a number of factors including lower outlays in their computer modernization project, lower use of overtime by Social Security field personnel and the carryover effect of overestimating requirements for

FY 1985. This means that the 1986 base used by the executive branch and reviewed by the Congress in making its initial recommendation for FY 1987 was overestimated. This is the basis for the reduction recommended by the conferees. This does not change any of the substantive recommendations of the House or Senate related to staffing or office closings, but merely reflects a reestimate of the amount of funding necessary to implement these recommendations. The conferees note that the contingency reserve of $160,000,000 has not been reduced and is available if necessary (emphasis supplied)."

Commissioner Hardy promulgates budget and employment plans calling for drastic reductions and blames Congress. Subsequently, the Commissioner announced in a memorandum of December 15, 1986 that "SSA still faces a $94.7 million shortfall despite $173.7 million in reductions already taken to cover spending cuts imposed by Congress in the FY 1987 continuing resolution." Blame for the $171 million cut was thus laid directly at the door of Congress. Clearly, the Commissioner could have offset the loss of $171 million by drawing on the contingency reserve, and could have requested OMB's support for a supplemental appropriation to cover the additional costs of the Federal pay raise and FERS. But this would not achieve the staff reductions planned by OMB. What we therefore have is a calculated, deliberate plan to impose those reductions regardless of the harm inflicted on employees and regardless of the damage to the Social Security system.

GAO's report shows that a reduction of 5,266 work-years was imposed for FY 1987 by the Commissioner's budget plan. This entailed a reduction of 3,695 FTE from the FY 1986 level, and put OMB's plan back on track. If the FY 1988 budget request calling for a further reduction of 2,454 FTE is approved, a total of 10,606 positions or 13% will have been cut from the staffing level of FY 1984. According to GAO:

> "SSA chose to reduce its work-year use by 5,266 rather than use contingency reserve resources to make up the unanticipated budget reductions. SSA officials said they plan to manage for the remainder of the fiscal year under current resource allocations, but will consider drawing on the contingency reserve if serious service deterioration problems develop."

In December, GAO asked SSA for a statement of the savings estimates it could expect from all the procedural and systems changes it planned to implement in FY 1987. To date, SSA has not responded. Instead, it has proceeded with a budgetary plan that will:

- reduce overtime work-years for January-September 1987 by two-thirds, despite the fact that overtime is an essential resource needed to process claims when interviewers are busy all day handling the walk-in workload;

- reducing non-ceiling work-years for work-study, summer intern, and stay-in- school youth by two-thirds despite the fact that these individuals fill essential positions in local offices in handling clerical work, files, and telephone and walk-in traffic;
- holding nonsalary controllable costs like travel, training, and printing to 53 percent of FY 1986 levels despite the fact that reduced travel means less service to outlying areas and to the homebound, reduced training means lower productivity and more errors, and reduced printing means that when forms run out (as they have in many offices) they cannot be printed.

SSA has also issued an Employment Plan to achieve the FY 1987 staff reductions. This plan calls for:

- a general freeze on hiring for most positions;
- a total freeze on hiring in the Office of Disability Operations;
- no replacement of "normal losses" in the Office of Systems and the Program Service Centers;
- voluntary reassignment of headquarters support staff at grades GS-12 and above to field and hearings office vacancies as they occur during FY 1987, with mandatory reassignment during FY 1988.

This plan is a great calamity for the Social Security system. It is not only cruel and insensitive to the thousands of dedicated employees whose careers and futures are in jeopardy, but it will have a ruinous impact on morale, service delivery, and SSA's ability to modernize and solve long-standing operational problems. We would like to present evidence on each of these areas of concern.

Staff Reductions and SSA Modernization

Instead of planning to let go more than 20 percent of its dedicated work force, SSA should be focusing attention on the steps required to modernize for operations in the 21st century. The struggle over staff reductions has turned the agency's leadership away from its principal challenge, which is to manage the introduction of the latest technology so that SSA can remain an efficient service. When it announced the Systems Modernization Plan in 1981, the Reagan Administration declared that SSA's computer systems were in a state of crisis and a major effort would be required to upgrade them. Six years later, the computer system is still in crisis and very little progress has been made. This is the verdict not only of NTEU, but also of GAO which has studied the system intensively.

The Systems Modernization Plan identified the need to improvement four major ADP categories -- software (Software Engineering), hardware (Capacity Upgrade), communications (Data Communications Utility), and data bases (Data Base Integration). Of these, the most urgent was the improvement of deficient software, which was to be the major thrust of the program. Software development has turned out to be a most daunting and formidable task. SSA's software was patched together over the years to meet legislative deadlines for changes, with little documentation of the programs. SSA has tried to write new programs and make needed software improvements, but has been hampered by a shortage of skilled ADP personnel familiar with its systems. As a result, the software effort remains years behind schedule and remains a critical management challenge.

The centerpiece of the modernization plan that would most affect employees and clients is the Claims Modernization Project, which would permit paperless processing of claims through direct data entry. SSA employees generally welcomed this project. In a questionaire survey, GAO found that 65 percent of the claims and service representatives felt strongly that it would be useful to automate work they did manually. Despite the positive attitude of employees toward modernization, the Claims Modernization Project has not turned out well. The project requires considerable staff training time as well as a learning curve that includes some short-term productivity losses. It is being implemented in field offices at the same time that staff are being cut. Personal computers are also being placed into use in field offices, which increases the amount of time staff must devote to learning new processes.

The end result has been to increase work pressures on the employees, who are required to learn new systems while maintaining standards on existing workloads. CMP has thus had a generally negative effect on employees, because there is not enough time for staff to complete routine workloads and be trained to use the new system. The pending claims workload has grown substantially in some locations because, during the initial learning phase, it takes longer to process claims through a new system. Management's need to show progress through production statistics, which is most intense in the claims area, has increased stress and pressure on employees to work overtime and on weekends. An inordinate level of computer down time and the need to reprocess cases dropped by computer systems malfunctions have increased the frustration of the work force.

SSA has found it necessary to scale back the Claims Modernization Project, which will not be completed until 1988 at the earliest, three years behind schedule. It has also made a major change in the project design by limiting it to processing initial claims, and deferring development of a system to process post-entitlement actions. Since post-entitlement software processes 94 percent of beneficiary-related computer transactions, and CMP software, when complete, will process 2.2 percent of these transactions, the scale of the reduction is obvious.

Development of post-entitlement software has now been delayed indefinitely, although SSA has long maintained that the post-entitlement area is the most error-prone. In February, 1986 SSA identified 20 continuing problems in the post-entitlement process, including:

- inability to quickly process beneficiary name and/or address corrections and changes;
- excessive delays in reissuing missing or stolen checks;
- delays in changing the records of a deceased beneficiary, which result in incorrect payments to survivors;
- duplicate posting of beneficiary remittances in overpayment cases (this problem results in a significant manual work load); and
- inability of the system to automatically process requests by beneficiaries to recompute payment amounts (such requests must be processed manually).

In 1982, SSA estimated that it would require $478 million to modernize its systems, which would take 5 years. In 1985, SSA estimated that total modernization costs would be $990 million and would extend through FY 1990. In 1986, SSA estimated costs through FY 1988 alone of $642 million, and clearly the program will extend well into the 1990's.

It is clear that SSA's management has the wrong priorities. Its most significant challenge is to adopt the technology needed to make SSA an efficient and effective service, capable of providing timely, accurate assistance to beneficiaries and a favorable climate at the workplace. Such a plan would in the long run save the American taxpayer billions of dollars, far more than the sums involved in the wholesale disruption of the agency in the pursuit of staff reductions. Here, as in many other instances in recent years, OMB's preconceived notions run completely contrary to the requirements for efficient government management.

Will SSA's employees be affected by modernization? Of course they will. But it is the intention of NTEU to see to it that promotion opportunities are kept open, that individuals are trained for new job opportunities, that management will be engaged by contract to reassign employees to new positions only after the requisite training and with full respect for employees' rights safeguarded by our agreement, that both basic and incentive pay are provided in appropriate cases, and that professional development to ensure career progression are given high priority. NTEU is at the cutting edge of management of change in the Federal service. We do not fear technology. We welcome its use in the workplace as long as it contributes to efficiency and lends dignity to the labor of each worker.

Recommendations

The present crisis in SSA must be halted and the agency set on a constructive course for the future. To achieve these ends, NTEU recommends that this Subcommittee take the following actions:

1. Immediately communicate to the House leadership and to the Committee on Appropriations the urgent necessity of including in the FY 1987 Supplemental Appropriations bill the sum of $100 million which, togehter with the $18 million reprogramming already included in the bill and the $160 million contingency fund will be adequate to offset the $280 million shortfall for this fiscal year. In order to ensure that Congress's intention is adhered to by OMB and SSA, the bill should require SSA to be staffed at no fewer than 76,169 FTE's (the FY 1986 level) in FY 1987.

2. Communicate to the Committee on the Budget and the Committee on Appropriations the necessity of approving the sum of $4,152,925,000 and 76,169 FTE's for FY 1988, which is essential to maintain the FY 1986 service level.

3. Direct the Commissioner of Social Security to immediately rescind the budget plan and employment plan SSA has promulgated for FY 1987.

4. Recommend to the House leadership and to the Committee on Appropriations that in both FY 1987 Supplemental and FY 1988 Appropriations bills no funds should be authorized to close any SSA regional, district, or local office without first submitting to the Congress a justification based upon cost-benefit analysis.

5. Mandate in legislation the steps required to bring to successful completion SSA's Systems Modernization Plan, including accompanying employee recruitment, retention, and training plans to keep employees informed of prospective changes at the workplace, and require the Commissioner of Social Security to report promptly to the Congress how the agency plans to implement these plans and prepare SSA for the challenges of the 21st century.

Mr. Chairman, this concluded my statement. I will be glad to answer any questions.

Chairman **Jacobs**. I thank you for your input, each of you.

Mr. **Archer**. Just to follow up on your last comment, I do not believe this committee has jurisdiction over supplemental appropriations, so you will have to go somewhere else to make that plea.

Let us go back to the question of the union letter March the 4th, the one I discussed with GAO, which asked for examples of problems. As the letter sent out from Mr. Skwiercyznski—I believe is the pronunciation of the gentleman's name—says: "We need to provide the committee with specific 'horror stories'."

As you heard, there has been no input, although the request was made that these "horror stories" be sent to the committee, or to the GAO, not to you—copies to you but directly inputted into the committee, or to the GAO, and neither the committee nor the GAO has heard anything.

Now you mentioned in your testimony, Mr. Blaylock, that you had 250 instances, but you also mention in your testimony that those were accumulated since last summer.

My inquiry was relative to any input that had occurred since the March letter went out. So there is no real relationship between the 250 instances that you referred to and my question.

Mr. **Blaylock**. I really do not know whether there is or not, and I will have to check that out, Congressman. I know when my staff started preparing for the testimony, we raised the issue with the president of the field council as to what had happened in the way of responses, and he had requested that they be sent to him, and then I guess he was going to forward them in. And he had about 250.

Now the timeframe on that, just whether all that came in—you know—earlier in the year, and from last summer, or whether there was some mixed in with it, from the early March letter, I just do not know. I will be glad to find out.

Mr. **Archer**. But your letter specifically asks that they be sent directly to the committee or to the GAO. I do not want to have to read the whole letter, but that is a specific request, and that the union representative be kept informed of what had been sent in. It even says that—basically I am paraphrasing it—we are fairly nice people, and that we are interested in these stories, and so on, which we are.

Mr. **Blaylock**. Right. Yes.

Mr. **Archer**. Whether we are nice or not is something else, but we are interested in the input.

Let me ask you, when you talk about these 250 items that go back to last summer, how many employees were surveyed from which you got that input?

Mr. **Blaylock**. Chapin.

[Case studies referred to are being retained in committee files.]

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

1321 Alviola
Midwest City, Okla. 73110
February 12, 1987

#1

Noel D Wall, Reg. Comm.
Regional Office VI
1200 Main Tower Blag
Dallas, Texas 75202

For The Record

Dear Mr. Wall:

I have recently received the following information that indicates the McAllen office management probably has and is engaging in practices which violate Account Number issuance procedures. The following are specific instances were cited to me.

(1) In Cases where SS-5's are completed via phone, imputes has been made from the unsigned photo copies without supporting evidences. The Local President said that this was detected 2 or 3 months ago, and when he complained the OS said that it had happened only once. However, he had information which indicated this had been a continuing practice.

(2) An applicant submitted a SS-5 which had a Mexico pob but the supporting evidence had a Texas pob. The interviewing tried to resolve the discrepancy in accordance with current instructions. The applicant became angry and complained to the OS. The OS destroyed the original SS-5 and had the applicant complete one to reflect a Texas pob.

(3) A SS-5 was submitted for an adoptive child, and the adoptive parents names were on the SS-5. The interviewer requested a copy of the B/C with natural parents identifying information so that it could be verified whether or not an A/N had been issued based upon this identifying information. The claimant complained to the OS, and the OS ordered that an A/N be issued based on adoptive information without verifying if an A/N had been issued under the Natural parent identifying information.

The Local President has assured me that the above cited practices were violations of currect procedures and could have resulted in the incorrect issuances of A/N's He said that these shortcuts were (and probably are) being taken to improve A/N MPT. Someone happened to notice #1 and mentioned it to the Union. In the case of #2 and #3, the OS took punitive action against the employee and removed her from the SS-5 processing. Also, an employee committing such acts might be subject to adverse action even though it had been at the instructions of management.

If an employee was detected engaging in such practices through an outside audit, it is very likely that he/she would be subject to adverse action. It is very unlikely that the local management would admit that they had instructed that such incorrect procedures be followed. Therefore, the Union clearly has an interest from an representational standpoint.

Of course, it is up to the Agency as to whether or not it wants to take action against management members for such procedural violations. However, no employee should be punished for following currect procedures even though such procedures may not produce the desired office statistics. Therefore, the affected employee should be exonerated and all employees hould be assured that they will not be punished for following correct procedures even though it may not result in the desired office statistics.

Sincerely

Sy Overturf

Sy Overturf, RVP

LOCAL 2505
AMERICAN FEDERATION of GOVERNMENT EMPLOYEES
Ardmore — Enid — Oklahoma City Districts

Oct. 29, 1986

TO: Mary L Johnsen, Dist Mgr.
Okla City Dist.

SUBJECT: Free Overtime:

It has been called to my attention that certain employees consistently work significant amounts of free overtime on a continuing basis. This free overtime is usually worked before and after the scheduled work hours on regular and overtime workdays. There may also be instances where employees take work home. The immediate concerns of complaining employees are that such free overtime distorts the record as to the amount of work which can be done during the scheduled work hours; thereby, they are disadvantaged in their performance appraisals.

There are certain problems with accepting these free services from an administrative standpoint. First, employees covered under the FLSA are entitled to overtime pay under the "suffer and permit to work" provisions. Second, in any event, the Administration is accepting services for which no funds have been appropiated. Third, free overtime distorts the amount of work which can be accomplished by the current staffing levels and may contribute to future staff level reductions.

The Union's position is that you should take one of the following actions to remedy this situation. (1) Issue a clear directive to all bargaining unit employees to cease working free overtime and take necessary actions to enforce it, or (2) Notify all bargaining unit employees that they are entitled to receive overtime pay for any periods that they elect to work that would otherwise be free overtime, and if they work such overtime, they are directed to claim payment.

Sy Overturf, Pres
Sy Overturf
Local 2505

The attached memo is a report on the use of the Partial Adjucation procedure. You will note that the partial adjucation procedure was misued in 22% of the cases reviewed. Cases are prematurally partially adjucated due the pressure on Mean Processing Time. Since employees are appraised on their MPT, it is understandable that they would resort to such practices. That is high MPT could result in adverse action (ie; termination or demotion). Management is rarely interested in the reasons why a claim became old even thought there was a very good reason. Also, usually management usually either approves or condones such practices because they are competing with the regional numerics standards and other offices. These types of things tend to spread; therefore, it is reasonable to conclude that the percentage of improper use would be higher now than it was then.

SSA PROGRAM CIRCULAR
Retirement & Survivors Insurance

No. 17-86-ORSI
Date: January 1987

Office of Retirement and Survivors Insurance, Division of Entitlement

Partial Adjudication

Partial adjudication requires that immediate payment is due.

A recent OA report shows that 22 percent (166 out of 750) of partial adjudication cases reviewed were incorrect because they did not meet the immediate payment criterion. In each of the incorrect cases the issue in question was resolved before payment was due. OA estimates that improper partial adjudication causes approximately 16,000 unnecessary PC actions annually, with a cost of 9 work years or $261,000. The immediate payment requirement allows FO's to completely adjudicate more claims and results in fewer amended awards and other postadjudicative actions in the PC's.

Immediate payment means that the payment is due for the current operating month in which the claim is being adjudicated (or earlier), or HI/SMI entitlement exists in a monthly benefit claim. If for any reason payment cannot be made for those months (e.g., claimant is in full work suspension status), immediate payment is not due (GN 01010.045B.).

Example: A NH is entitled to RIB effective October 1986. His first payment is due November 3, 1986. Immediate payment is considered due at the beginning of the October 1986 COM. However, if the NH is in full work deduction status for October, no immediate payment is due and partial adjudication should not be used.

The immediate payment requirement does not apply to:

- SPORT cases (GN 01010.045C.6.);
- dual-entitlement claims when the pending claim is for disability benefits (DIB, DWB, DAC) (GN 01010.045B.1.); and
- spouse's claims where a certified earnings record on B's own SSN must be secured because the BEER tolerance is not met under GN 00204.420. (GN 01010.045B. and GN 01010.060.)

Distribution: All POMS Holders, Part 02, Chapter 010, Subchapter 10

Destruction Date: December 1987

Social Security Administration
Office of Policy
SSA Pub. No. 16-040

Selective Distribution
H91/PSC
To adjust quantity requirements, submit form SSA-1296, "Request for Address or Distribution Change."

The attached memo encourages improvement of observation documentation for disability claims. It goes without saying that observations cannot be recorded unless the interviewer sees the claimant. This presents a rather interesting dilemma. On one had, the interviewers are instructed to improve their observations while on the ohter had, Comm. Hardy wants more interviewing done via telephone.

SSA PROGRAM CIRCULAR

Disability

No. 13-OD-86 Date: 12-26-86

Division of Medical and Vocational Policy, Office of Disability

RECORDING OBSERVATIONS DURING THE FIELD OFFICE INTERVIEW-CLAIMANTS DEMONSTRATE NERVOUSNESS OR ANXIETY DURING THE INTERVIEW

The Social Security Administration (SSA) is implementing a series of initiatives in FY 1987 simplifying disability processing in order to maximize productivity, while maintaining a high quality work product. In the mental impairment area, field offices (FO's) can greatly assist disability determination services (DDS's) in simplifying the development of claims by recording descriptive observations about the claimant, rather than conclusive statements about the claimant, e.g., "the claimant was anxious." What is needed are careful descriptions of how the claimant acted during the interview, e.g., mannerisms, speech patterns, grooming and cleanliness, etc.

Conclusions recorded in the observations section of the SSA-3368-F8 (Disability Report) that the claimant is "nervous" or "anxious" frequently cause the DDS to pursue unnecessary documentation of a mental disorder, particularly when the individual involved does not allege, has not been treated for, and does not believe that he/she has a medically determinable mental disorder.

FO's should keep in mind that the presence of a mental disorder is not determined on the basis of a single episode of "nervousness" under stress. Rather, one is determined on the basis of a pattern of activity including some functional limitation. Therefore, descriptive observations will assist the DDS evaluating team in differentiating those symptoms such as "anxiousness" and "nervousness" which may have no functional significance from those symptoms of true mental disorders which may result in disability as defined by the disability program.

Of course, if a claimant alleges a mental impairment, the FO interviewer should record any relevant observations (as with any other alleged impairment). The important distinction to be made is that when a mental impairment is not alleged, the interviewer should record only observations of a claimant's reactions that are greater than those which would be expected in such interview situations.

Social Security Administration
Office of Policy
SSA Pub. No. 64-044

Distribution: All POMS Holders
Part 04, Chapter 110
Destruction Date: January 31, 1987

Selective Distribution
H02/PSC
To adjust quantity requirements, submit form SSA-1296, "Request for Address or Distribution Change."

Even when the degree of "nervousness" or "anxiousness" seems more than an experienced interviewer would expect, conclusive statements, such as anxious, depressed, hostile, angry, upset, unhappy, should be avoided. Following are examples of observations recorded in a descriptive rather than a conclusive manner:

Body Posture--Sat slumped or very rigidly in chair, throughout
interview. Moved around interview area constantly.

Mannerism--Strummed fingers, constantly.
Tapped Feet, constantly.
Fidgeted with items on desk constantly.
Gestured or waved arms wildly, constantly.

Facial Expression--Did not change expression (smile, frown, etc.)
throughout interview.
Had inappropriate expression (grin) frequently.
Very noticeably avoided eye contacts.
Cried or sobbed throughout interview.

Speech--Persistently very loud.
Persistently very fast.
Persistently very soft (or harsh).
Persistently monotone.

Content of Answers--Consistently rambling.
Consistently unrelated to questions.
Consistently could not remember (especially
dates and names).

In summary, careful adherence to recording fair and impartial observations in the FO will assist the DDS in concentrating its psychiatric resources on claims which involve mental disorders, and will assist SSA in simplifying the disability claims process(DI 11005.045).

Mr. **Wilson**. My name is Chapin Wilson and I work with the Social Security employees, and with these folks in the field, and I was directly involved.

What we sent out was a 16-question survey with a number of sub-questions. It was sent out to approximately 1,150 field offices nationwide, district offices and branch offices.

The questions were framed relatively objectively. We have not reported anything to anyone without qualifications, and basically, what we are finding is that morale is very low, that there are significant instances where clients are being turned away, where in fact there are shortcuts.

And that basically, what we have said to you here today, and what we are saying in the testimony can absolutely be substantiated. One of the most recent——

Mr. **Archer**. Well, you have testified to that, but because I have a limited amount of time—I am not trying to cut you off—but I want to get some input, statistically.

How many total employees were involved in this survey? That was my question.

Mr. **Wilson**. Well, the field offices, we are talking about approximately 40,000 people who work in district offices and branch offices.

Mr. **Archer**. And you have got 250 items of correspondence from those thousands of people?

Mr. **Wilson**. No. We sent the questionnaires to the AFGE field representatives in those district and branch offices, and a number of people responded, and some did not. I would point out that these are not individuals who are used to doing this kind of thing.

This was basically a hope that we get some kind of response effort. I think 250 responses is significant, and I think that it is substantial for people who are not used to doing this——

Mr. **Archer**. Well, sure, that is a matter of judgment, and you are entitled to make that judgment, and we are glad to have that input.

The facts are, though, that you have got 250 after having contacted 40,000——

Mr. **Blaylock**. No, 1,100 something. They went to each rep at the office, not to all the employees.

Mr. **Archer**. I understand. But the rep did not just sit on that, did he? Didn't he contact the employees in the office and ask for a specific——

Mr. **Blaylock**. Once it goes to the union rep, whether it is a local president, or maybe a steward at that activity, we lose control of it, and what they do with it—whether they sit down and respond theirselves, or whether they get the people together, we lose control at that point, Congressman.

Mr. **Archer**. Well, I guess the pertinent question would be how many of the 250 were from the reps, and how many from rank-and-file?

Mr. **Wilson**. They were all responses from the representatives.

Mr. **Archer**. Well, okay.

I only have one other question, Mr. Chairman. Referring back to our April 3 committee meeting of 1985, and Gala Richter, one of your local presidents, appeared before this committee and charged that some field managers were manipulating statistics to falsify processing time reports.

Former Chairman James Jones of this subcommittee asked for documentation, and nothing was forthcoming at that time. My understanding is that you have made the same complaints to the GAO, but have been unable to supply them with any evidence, or leads. You know, I asked the GAO this morning whether there had been any evidence to support this, and they said none that had come to their attention.

I just wonder if you have anything for the committee now?

Ms. **Bandy**. Mr. Archer, may I add a comment, or make a comment?

Mr. **Archer**. Sure.

Ms. **Bandy**. May I make a comment on the questionnaires that you are referring to, that GAO sends out to Social Security employees—the questionnaires you were referring to previously, and again, a few minutes ago.

I think that it is accurate that the records reflect, on those questionnaires, employees say, yes, we are rendering good service, and we thought we were doing a good job, et cetera.

I have completed those questionnaires, personally, several times. I do not think the records are being falsified at a management level.

I, as an employee of SSA, feel a great deal of pressure when I am handed one of those questionnaires, because I feel like if I answer that questionnaire very honestly, that I feel like public service is lacking. That my office in Tyler, TX, is going to be criticized. Glenda Bandy, claims representative, is going to be criticized. I cannot say this office is doing a poor job, I am doing a poor job. I am doing the best job that this agency allows me to do.

The morale in the offices in Texas, and every other area that I have talked to as council president of NFFE, is lacking. I have been interviewing for Social Security for 13 years, and I plan on staying with this agency, and I want it to do a good job. Morale is down.

I interview people every day and while I am conducting my interview, I watch the receptionist bring more and more interview slips up and hang them up on the interviewing board.

I am realizing that while I am interviewing the complicated, or the uncomplicated claimant, these things are stacking up, they are backlogging, and the tendency is to rush the claimant and rush the beneficiary out the door, and take another one and move along. And in the meantime the telephone slips are mounting up.

I am doing a very good job. I actually believe that. Yet, I am not returning telephone calls for 2 and 3 days at a time, and that is not acceptable.

It has never been this way in SSA, the 13 years I have been there, except during the last 24 to 18 months. It is becoming increasingly worse. The tendency is, rush the beneficiary out the door so you can get another beneficiary or answer a telephone call. This bothers the morale of the office employees, because we do not have a sense of job satisfaction anymore.

I am rushing people out. I should spend more time with them. I have more information to pass along to those people than I have time to talk to them.

Mr. **Archer**. Well, I can understand the impalpable pressure that you feel when you are asked to respond, and the survey response that might come back from that, and I appreciate that input.

But that is not a direct answer to my question. The allegation was made specifically by Gala Richter in 1985, that there was deliberate falsification on the part of management people of these records, and since that time we have been trying to unearth support for that allegation, and none has been forthcoming up to this point and I simply asked whether there was any support today. Because it continues to be an allegation that various union representatives make, yet they have given nothing to the GAO to confirm it.

You have basically said that that allegation is not true, by your testimony.

Ms. **Bandy**. I am with NFFE, and I do not have knowledge in that area. We are not with AFGE.

Mr. **Archer**. And so that is really what I was hoping we might get some input on today, but thank you for what you did give us. That is a good insight into the situation that you face on a day to day basis.

Mr. **Blaylock**. Mr. Congressman, you know, that testimony you were referring to was done by our people from the field operations. I will be glad to follow that up because I do know we did a survey of the work measurement systems, and I think that was the survey that was being referred to.

Now whether that was provided to GAO I do not know. If it was not, I do not know why it was not.

Mr. **Archer**. We are not on the same track. The allegation was that some field managers were deliberately manipulating statistics to falsify processing time reports.

Mr. **Blaylock**. All I am saying is I do not know why—your question was, you know, did we ever submit anything that verified that, or that you had not been able to verify, and I do not know where the——

Mr. **Archer**. To show that there had been a deliberate effort to falsify the results of those surveys, and Ms. Bandy told me she did not think that was the case at all. But your union representative here said that that was the case.

But anyhow, if you do not have anything specific, I just——

Mr. **Meyer**. Mr. Archer, if I may interject. I am in a position, in my job as a management analyst in Denver, to analyze the systems input that has been made on which we measure processing time, and I have made a report on a particular office in the Denver region, up through management, several times in the past years, and this was confirmed by a group from central office, our Baltimore headquarters, that came out in the end of 1986. That there was some deliberate attempts, some deliberate actions on the part of field office employees, presumably at the urging and the pressure of management to manipulate application dates so that the processing time was in fact minimized.

There was no loss of benefits to the public, but there were deliberate attempts, there was deliberate manipulation of application dates to minimize processing time so that they would look good on paper.

Mr. ARCHER. Well, I would hope that you would submit that specific information to the GAO because that is the first shred of any specific information that has been given either to the GAO, or to this committee, so that they can check that out.

Thank you very much.

Chairman JACOBS. Do you refer, sir, to specific names of individuals who are alleged to have done this?

Mr. MEYER. I know of the office that is involved. It would be the individual claims representative and the individual supervisor that would have performed, you know, the day to day work.

Chairman JACOBS. I think you will understand that when specific charges of dishonesty—and that is what we are talking about—they are best made by specificities as to who performed the dishonesty and when it was performed, and that some documentary evidence is probably very helpful in such a matter.

Ms. Velazco, or, really, anybody: you may have heard earlier that I suggested we had been told, and you heard the GAO report, that the lag between software and hardware procurement may be so great that eventually the hardware is obsolete and will itself need to be replaced in order to accommodate the software.

How say you on that?

Ms. VELAZCO. Well, our office does not have the new modernization program at all. We have the old computer system. However, for the old computer system——

Chairman JACOBS. Well, you are from Indiana.

Ms. VELAZCO. I am from Indiana. Indiana is behind times.

Chairman JACOBS. So that does not count, right?

Ms. VELAZCO. That is right. And I do not believe that the modernization project is on target, because we were told 2 years ago we were supposed to have our modernization equipment at my office, and today, we do not have it yet, and we are not going to have it until next year.

However, the old computer system software is very poor. If they are going to follow the same standards that they had in the past, they are going to have a lot of problems, and we hear frequently that in fact the new software is going to be obsolete—by the time it is here, the hardware will be out of date. That is true.

[The following was subsequently received:]

National Federation of Federal Employees

James M. Peirce • President
Abraham Orlofsky • Secretary Treasurer

In reply refer to: SSA HEARING

April 17, 1987

Mr. Joseph Dowley
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Dowley:

Enclosed please find the necessary corrections to the original transcript of my testimony before the Subcommittee on Social Security. Corrections were also made to the Question and Answer section of the transcript. Editing was done only to the answers given by Ms. Glenda Bandy and me.

Also attached is some additional material which may be useful. These attachments demonstrate some of the problems the Agency computer system has and show an example of the quality of the computer instructions the Agency sends to the field.

The teletypes enclosed are typical of the messages received by field offices. The problems addressed in the messages can cause delays in checks, incorrect amounts of payments, delays in recording deaths or changing addresses. Some of the computer problems greatly increase office workloads. For example, the 5Y alert--field offices have been receiving these alerts for years. Their receipt requires employees to research each case to be sure that the alert is really one sent in error. Then the employee must make another computer input to stop follow-up messages on a problem which never existed in the first place. All this takes time which should properly be used for claims and post-entitlement work.

The blue transmittal attached contains instructions on the implementation of a new procedure to release overpayment notices to SSI recipients. The procedure was implemented on March 17, 1987; we received the transmittal and training on March 11. The transmittal is not only poorly written but at times incomprensible. The Area Operations Alert attached to it only corrects some of the errors it contains. The transmittal is just one example of the poor material provided to SSA employees.

The Committe may be interested in knowing that SSA this week sent out a questionaire to its field offices addressing employee morale. The results of this questionaire may prove helpful.

We thank the Committee for allowing us to address it and to provide additional information. We care for the Agency and believe that it provides a useful service to the American public. However, we fear that it is serving the public less well than in the past and we see employees and the public becoming frustrated by the direction the Agency is going.

If I can be of further assistance, please feel free to contact me.

Sincerely,
Sheila K. Velazco
Sheila K. Velazco

CC: T16 CR's

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MSG 0021973 PAGE  04

PAGE 04 OF 05                                      NEWS 04/14/87
*** SSI TRAFFIC PROBLEM
ATTN. FO'S AND RO'S: DUE TO A HARDWARE PROBLEM, APPROXIMATELY 25,000
TRANSACTIONS RECEIVED FOR PROCESSING IN THE APRIL 10 CUTOFF (RUNS 669-670)
WERE DROPPED. AFTER THE TREASURY CHECK GENERATION RUN IS COMPLETED, THESE
TRANSACTIONS WILL BE RESUBMITTED INTO THE CUTOFF OF APRIL 14 (RUNS 672-673).

                                                   NEWS 03/24/87
*** INCORRECT 5Y ALERTS
ATTN: FO'S & RO'S:  THE SSI SYSTEM IS GENERATING INCORRECT 5Y ALERTS ON
RECORDS WHERE A XVI OVERPAYMENT IS BEING RECOVERED FROM TITLE II BENEFITS
(SEE SM 02001.028 H). WE WILL ADVISE YOU WHEN THE PROBLEM IS CORRECTED.


*** SSI NONRECEIPT CODE 3'S                        NEWS 02/12/87
ATTN:  ALL RO'S AND FO'S:  DUE TO A MALFUNCTION, SYSTEMS-GENERATED 1184 DEATH
TRANSACTIONS WERE SENT TO TREASURY PREMATURELY RESULTING IN REJECT CODE 3
(NONRECEIPT FILED TOO EARLY).  THE FIELD OFFICES SHOULD RETRANSMIT THESE USING
THE SSA-1719NC, NC CODE OF 'E' AND THE DATE OF DEATH AS IT APPEARS ON AN SSI
QUERY.  THE SYSTEM WILL BE CORRECTED BY 2/11/87, HOWEVER DUE TO TREASURY'S
DELAYED RESPONSE TIME, THE ERRONEOUS CODE 3 REJECTS MAY CONTINUE TO BE RECEIVED
DURING THE NEXT TWO WEEKS.

PAGE 07 OF 08
***  CORRECTION OF LC REJECT PROBLEM                NEWS 01/09/87
ATTN. ALL FO'S: EFFECTIVE WITH THE 1/87 VERSION, THE LC REJECT PROBLEM
DESCRIBED IN THE NEWS OF 11/21/86 HAS BEEN CORRECTED.
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*** ERRONEOUS PAYMENT STATUS (PS) FIELD REJECTS    NEWS 01/09/87
ATTN. ALL FO'S: DUE TO A PROGRAMMING PROBLEM, AN ERRONEOUS REJECT WILL BE GIVEN
IF A PS FIELD ENTRY IS MADE FOR ONLY ONE MEMBER OF AN ELIGIBLE COUPLE RECORD
USING AN ID OF 1. THIS APPLIES TO ALL COUPLE RECORDS, INCLUDING WHERE ONE
MEMBER IS DECEASED (PS T01). MOST CASES WILL INVOLVE THE ZA REJECT. TO AVOID A
REJECT, EITHER USE THE NAME AND SSN OF THE OTHER MEMBER OF THE COUPLE (I.E.,
THE MEMBER TO WHOM THE PS ENTRY DOES NOT APPLY) AND AN ID OF 3 IN THE PS FIELD
OR ENTER PS DATA FOR BOTH MEMBERS OF THE COUPLE. YOU WILL BE NOTIFIED WHEN THIS
PROBLEM HAS BEEN CORRECTED.


  *** TRANSMISSION OF SSA-1719BS WITH AONS DATA      UNEW 03/18/87
  ATTN:  FOS:  THE MARCH AONS VERSION HAS BEEN IMPLEMENTED.  HOWEVER, BECAUSE
  OF PRODUCTION DELAYS, THE OVERPAYMENT SEQUENCE DATA MAY NOT APPEAR ON THE
  DATA BASE UNTIL FRIDAY, 03/20/87.  PE TRANSACTIONS CONTAINING CO, ND, WA
  AND SB SHOULD BE DELAYED UNTIL THE OVERPAYMENT SEQUENCE DATA IS SHOWN ON THE
  DATA BASE.NNNN?

 PAGE 04 OF 05
 ***    SSI NONRECEIPT CODE 22                     NEWS 01/20/87
 ATTN:  ALL RO'S AND FO'S.  DUE TO A SYSTEM PROBLEM, TREASURY HAS ERRONEOUSLY
 ISSUED CODE 22 MESSAGES (TD SYSTEMS PROBLEM-PLEASE RETRANSMIT) FOR OVER 4000
 SSI NONRECEIPT TRANSACTIONS.  HOWEVER, THEY HAVE ISSUED THE REPLACEMENT CHECKS
 FOR ALL CURRENT MONTH CLAIMS (NR CODE B).  TO PREVENT DUPLICATE REPLACEMENT
 CHECKS FROM BEING GENERATED, DO NOT RETRANSMIT THE NONRECEIPT IMMEDIATELY WHEN
 THE CODE 22 IS RECEIVED.  TREASURY WILL HAVE THEIR SYSTEM CORRECTED BY 1/27/87.
 RETRANSMIT ON OR AFTER THAT DATE.  THE RETRANSMISSION WILL RESULT IN THE
 APPROPRIATE STATUS MESSAGE AND UPDATE OF THE SSR.
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Chairman JACOBS. Well, we hear that—with the various commissioners and the rapid turnover, there certainly is not a 15-year average there, is there?

Ms. VELAZCO. No.

Chairman JACOBS [continuing]. That about faces, or at least changes in direction for procurement of hardware, perhaps even incompatible hardware, those changes, those about-faces have taken place. Can anybody here verify that?

Mr. BLAYLOCK. Mr. Chairman, I have with me Mr. Strausberger, Jim Strausberger, who is a systems analyst with the Social Security Administration, so I would like to have him respond.

Chairman JACOBS. Fine.

Mr. STRAUSBERGER. With regard to the development of the software to go along with the hardware that is being installed, if we were following the original SMP, and had kept up to the original plan in terms of when things would be accomplished, things would be in fairly good order.

What has happened is that the development of software has slipped behind very greatly, and as to why, within the Office of Systems this has happened, a large part of the blame, I believe, has to be laid on the use of outside contractors to do essential systems work.

First of all, there was the so-called systems engineering and integration contractor which was EDS—now part of General Motors—with Deloitte Haskins & Sells as a subcontractor. Many of the deliverables that they turned in, and were accepted by the agency, were technically deficient.

Going on from there, while CMP software which does work and do what it has been intended to do, has been developed by SSA people, the critical program benefits software was on a track in which the development of functional requirements, the systems specification for that software, was contracted out, in this case went to a company called RGI, with one of the big eight auditing firms, Touche Ross, as a subcontractor.

I would like to say that teaching at the University of Maryland, I have given failing grades to graduates for work on a par with what the agency has accepted from the contractors.

There also was a great deal of problems with deliverables from the SE&I contractor which were technically deficient. If I had to name one particular deliverable which was early in the whole process, and which has a great ripple effect on making it difficult to produce any one of about a dozen different new software engineering developments, that would be the so-called programmatic information model.

It is a highly technical thing. It actually has a mathematical basis for how this should be done. The SE&I contractor personnel who worked on that admitted that they had no prior experience with that technology. They attended the training courses with our people.

When RGI came in to work on program benefits—well, and RGI has also a number of other contracts—as one of our people put it, "I knew the problems we had with the contractor when their people all had to take a day off to attend their college graduation".

I think that the amount of SSA people's time that has been spent on program benefits would have been sufficient to create an accurate, correct, complete, and technically sound function requirement for program benefits, had the project been carried out with more reliance on our internal people.

You have to remember there are systems analysts, for the most part, with 5 or 10 years' experience working SSA claims. You then have what I would call more and better training, but I do a lot of it, so I think they have more, and better training, than what the people from the contractors brought.

Chairman **Jacobs**. Okay. You have given us a good view. We are running a little short of time here. I have one final question that I guess could be answered yes or no by anybody.

Do you concur in the proposition that the very kind of problem just described might be obviated, or at least diminished with an independent agency, and a fixed term for a commissioner?

Ms. **Velazco**. It depends on who the commissioner is, for one thing.

Chairman **Jacobs**. No, no.

Ms. **Velazco**. I mean a fixed term.

Chairman **Jacobs**. I am talking about as a system.

Ms. **Velazco**. Okay.

Chairman **Jacobs**. We are all wonderful and we are all awful. We understand that.

Ms. **Velazco**. As a system, it would be helpful if a commissioner would stay around for a longer period of time.

Chairman **Jacobs**. Yes.

Mr. **Strausberger**. As a general matter of public administration, I think it would be a sound idea.

Chairman **Jacobs**. Yes. Good. We thank the panel very much for your contribution to the record. It has been most helpful.

Will the next, and I think final panel, please come forward. I think, Mr. Behlke, you are first on the list, are you not? Please proceed in your own manner.

STATEMENT OF MARVIN R. BEHLKE, PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC., ACCOMPANIED BY G. JERRY SHAW, LEGISLATIVE COUNSEL

Mr. **Behlke**. Thank you, Mr. Chairman, for the opportunity to testify at these important hearings.

My name is Marvin Behlke, and I am president of the National Council of Social Security Management Associations, Inc. We are a voluntary dues supported association representing approximately 80 percent of all Social Security field office management and supervisory personnel. Our 4,000 members fully support the objectives of the Social Security Administration. As operational managers at the point where the Social Security program meets the public, we are in a unique position to see firsthand the successes and failures in our policies and procedures. In our testimony today, I will address each of the questions you have raised as the focus of this hearing.

First, can Social Security maintain public service with reduced staffing level? I really think that this question needs rephrasing.

We must ask whether, with reduced staffing levels, the SSA can rebuild its public service to what it once was. We cannot accept the current service levels, where 50 percent of the time that the public tries to phone us they cannot get through, and where 30 percent of those who visit our offices wait for 30 minutes or more to talk to an SSA employee. We cannot minimize an increase in processing time on disability claims and a decrease in the accuracy of decisions on disability claims. Nor can we be satisfied that our retirement and survivor and supplemental security income payment accuracy has not slipped when we acknowledge making $2 billion in overpayments each year.

The number of beneficiaries increases each year as do the number of worker wage reports. While we have improved the timeliness of posting the majority of wage items, we still have millions of items incorrectly posted, many dating back over 5 years. Our beneficiary post entitlement services, such as replacing lost checks, need significant improvement.

On the question, Do systems modernization improvements justify staff reductions, in a word: No. The majority of our time-consuming work is in the post entitlement areas. Real systems modernization progress in this area is actually years away. Even in the claims area, progress is slow. The claims modernization project—as we refer to it, CMP—which we fully support, makes only marginal improvements in our current process.

CMP has yet to automate SSI claims and, to date, only involves the front end of the Retirement and Survivor process. The adjudication of claims under CMP is currently more complex than our present process. Interviewing time under CMP is increased, and work being done by our lower graded employees becomes the responsibility of higher graded employees under the CMP process.

We have yet to see conclusive evidence that CMP, as currently structured, significantly reduces field office resource needs. Nevertheless, SSA's overriding policy seems to be to reduce outlays and personnel. Until our software programs are fully integrated and modernized, we do not believe field office staff can be significantly reduced.

As to the question of our major service delivery problems, as I mentioned earlier, we are not satisfied with our accessibility to the public. We do not find our waiting times or phone accessibility satisfactory. It is also important to note that we closed hundreds of contact stations over the last several years, which has further reduced our accessibility.

Our public information activities have also suffered as our resources have declined. Informing the public of their rights and their responsibilities has always been a cornerstone of SSA policy. A measurable result has been the continuing and increasing lack of confidence expressed in the program by younger workers. And because of less outreach and fewer contact stations, every day someone who contacts SSA finds out that they have lost benefits because they have made the contact too late.

The disability program needs substantial improvement. Implementation of the 1984 Reform Act has been rocky. We are not meeting our own goals to process continuing disability reviews which help ensure the integrity of the rolls.

As previously mentioned, we are aware of millions of incorrect wage postings. We are also currently unable to timely replace lost Social Security checks.

I have just briefly touched on some of our critical service delivery problems. Staff reductions will only serve to delay the possible resolution of these problems.

As far as agency management problem, many of SSA's management problems we feel can be attributed to the frequent turnover of Commissioners as well as Secretaries of HHS. We firmly believe that independent agency status for SSA would substantially reduce the turmoil that has resulted from our revolving door leadership.

As an example of how our priorities change over a short span of years, you can look at something as simple as an appointment system, where at one time we had no appointments in the offices, and now we have them in all offices. The same is true with the telephone. At one time we took no teleclaims; yet a short time later we are now doing teleclaims in all offices. One day we are mass producing continuing disability reviews, and the next day we stop doing all such reviews.

As unexpected costs have really cut into our fiscal year 1987 budget, SSA has decided to tough it out. No supplemental appropriation request will be made. The result is inadequate State agency budgets to make disability decisions, forms and supply shortages throughout the country, lack of funds for training and career development, and lack of funds even to address new workloads adequately.

Current management practices and inadequate resources have left our training of current employees in poor shape. No longer do we have the time to spend teaching employees the rationale behind the Social Security laws and regulations. Technically, our staffs may be sharp, but their inability to explain to the public why it is designed the way it is leave the public woefully uninformed on issues of great importance.

As to the condition of SSA's work force, the recent GAO survey found 53 percent of all employees' morale is very low.

Let me say in conclusion, sir, that SSA is a unique agency. Our enormous budget, our past record of excellent public service, our low administrative costs, and our impact on all Americans and our dedicated trust fund income sets us apart from all other agencies. Those of us who have worked for SSA for some years have certain tenets we work by. One is the right check to the right person on time. Another is protecting the trust fund from unnecessary expenditures while ensuring that all persons entitled to benefits receive them.

I thank you, Mr. Chairman, for the opportunity to appear. I will be glad to respond to any questions.

[The prepared statement follows:]

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TESTIMONY OF MARVIN R. BEHLKE
BEFORE THE SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
APRIL 2, 1987

ON

STAFFING REDUCTIONS, SERVICE DELIVERY, AND MANAGEMENT OF THE SOCIAL SECURITY ADMINISTRATION

Thank you, Mr. Chairman, for the opportunity to testify at these important hearings. My name is Marvin R. Behlke, and I am president of the National Council of Social Security Management Associations, Inc. We are a voluntary dues supported association representing approximately 80% of all Social Security field office management and supervisory personnel. Our 4,000 members fully support the objectives of the Social Security Administration. As operational managers at the point where the Social Security program meets the public, we are in a unique position to see first hand the successes and failures in our policies and procedures. In our testimony today, I will address each of the questions you have raised as the focus of this hearing.

Can Social Security Maintain Public Service with Reduced Staffing Level

I think this question needs rephrasing. We must ask whether, with reduced staffing levels, SSA can rebuild its public service to what it once was. This agency did not become a model of public service by accepting the status quo. We cannot accept the current service levels, where 50% of the time that the public tries to phone us they cannot get through; and where 30% of those who visit our offices wait for 30 minutes or more to talk to an SSA employee (GAO Client Survey: November 1986). We cannot minimize an increase in processing time on disability claims and a decrease in the accuracy of decisions on disability claims as the inexorable result of the 1984 disability reform legislation. Nor can we be satisfied that our Retirement and Survivor and Supplemental Security Income payment accuracy has not slipped when we acknowledge making $2 billion in overpayments each year.

The number of beneficiaries increases each year as do the number of worker wage reports. While we have improved the timeliness of posting the majority of wage items, we still have millions of items incorrectly posted, many dating back over 5 years. Our beneficiary post entitlement services, such as replacing lost checks, need significant improvement.

Do Systems Modernization Improvements Justify Staff Reductions?

In a word: NO. The majority of our time-consuming work is in post entitlement areas. Real systems modernization progress in this area is actually years away. As an example, many offices will not receive the new equipment until mid to late 1988. Even in the claims area progress is slow. The claims modernization project (CMP), which we fully support, makes only marginal improvements in our current process.

CMP has yet to automate SSI claims and, to date, only involves the front end of the RSDHI process. The adjudication of claims under CMP is currently more complex than our present process. Interviewing time under CMP is increased, and work being done by lower-graded employees becomes the responsibility of higher paid employees under the CMP process. These observations are those of field office managers who have CMP and are attempting to provide good service under current hardships.

We have yet to see conclusive evidence that CMP, as currently structured, significantly reduces field office resource needs. Nevertheless, SSA's overriding policy seems to be to reduce outlays and personnel. Until our software programs are fully integrated and modernized, we do not believe field office staff can be significantly reduced. It still appears that major software improvements are years away. Thus, current field office staff cuts are simply not justifiable.

Major Service Delivery Problems

As I mentioned earlier, we are not satisfied with our accessibility to the public. We do not find our waiting times or phone accessibility satisfactory. It is also important to note that we closed hundreds of contact stations over the last several years, which has further reduced our accessibility.

Our public information activities have also suffered as our resources have declined. Informing the public of their rights and their responsibilities has always been a cornerstone of SSA policy. As staff declines and operational workloads increase, we have fewer resources to reach the public. A measurable result has been the continuing and increasing lack of confidence expressed in the program by younger workers. And because of less outreach and fewer contact stations, every day someone who contacts SSA finds out that they have lost benefits because they have made the contact too late.

The disability program still needs substantial improvement. Implementation of the 1984 reform act has been rocky. We are not meeting our own goals to process continuing disability reviews which help ensure the integrity of the rolls. It currently takes on average 319 days to process a disability claim by an individual who has to go through the hearing process to get paid (March 1987 quarter: 80 days initial claim, 61 day reconsideration, 179 days hearing).

Our ability to correct inaccurate wage postings is abysmal. As previously mentioned, we are aware of millions of incorrect postings, many dating back more than 5 years. We are also currently unable to timely replace lost SSA checks. This is a critical need for many beneficiaries, yet our current process is simply not working.

I have just briefly touched on some of our critical service delivery problems. Staff reductions will only serve to delay or end the possible resolution of these problems.

Agency Management Problems

Many of SSA's management problems can be attributed to frequent turnover of Commissioners as well as Secretaries of HHS. We firmly believe that independent agency status for SSA would substantially reduce the turmoil that has resulted from our revolving door leadership.

As an example of how our priorities change over a short span of years, let's look at something as simple as an appointment system, where the claimant calls ahead and makes an appointment to come to the office at a specific time. We recently went through a period where an appointment system in field offices was forbidden. Then there was a change, so that appointment systems wee tolerated but discouraged. Today, appointment systems are mandatory in each and every office.

Similarly, taking applications by telephone was, a short time ago, against policy in certain situations; suddenly they have become the way to take all claims. One day we are mass producing continuing disability reviews and the next day we stop doing all such reviews. Now we can't even keep up with our modest schedule to resume CDR's in a rational manner.

As unexpected costs severely cut into our FY 87 budget, SSa has decided to tough it out. No supplemental appropriation request will be made. The result: inadequate state agency budgets to make disability decisions, forms and supply shortages throughout the country, lack of funds for training and career development, and lack of funds even to address new workloads adequately.

For example, immigration reform will bring legalized status to millions of aliens who have been in this country for many years. Many of these individuals have worked under false names and numbers at numerous jobs. It is our legal responsibility to ensure their earnings are properly recorded to their records. The courts have previously stated that these earnings are a proper basis to award any benefits due. Yet SSA has made clear that we will not pursue this issue. We will wait for advocacy groups to force us to take action. Why? Because we do not have resources budgeted to do the job that we know we must. And SSA refuses to ask for the necessary additional staff.

Current management practices and inadequate resources have left our training of current employees in poor shape. No longer do we have the time to spend teaching employees the rationale behind the myriad of Social Security laws and regulations. Technically our staffs may be sharp, but their inability to explain to the public why it is designed the way it is leaves the public woefully uninformed on issues of great importance.

The Condition of SSA's Workforce

Morale is terrible. A recent GAO survey found 53 percent of all employees characterized their units' morale as generally low to very low. We have always prided ourselves in having a dedicated, capable, well motivated workforce. What has happened?

In addition to the agency problems detailed above, we have neglected the needs of our employees. We are six months into FY 87, and award checks for FY 86 performance are just now being released. A way to save money, or poor management? I wish someone would tell us. We have an employee suggestion system in which only 8 percent of the suggestions are adopted, less than half of the Government-wide average. A lack of funds prevents our paying tuition for employees who want to further their career or education even in preparation for computer modernization. We were halfway through the first open season for the new Government thrift savings plans before we even had booklets explaining the program or forms with which to sign up. Our employees must soon make an irrevocable choice about switching from CSRS to FERS, yet we have been unable to supply them with much of the information they should have in order to make an information choice. Our field employees have also been impacted by the SSA "employment plan," which has severely curtailed promotional opportunities. It has adversely affected attitudes, aspirations and morale. Any policy which has such an effect has to be labeled ill-conceived and poorly designed.

Conclusion

SSA is a unique agency. Our enormous budget, our record of public service, our low administrative cost, our impact on all Americans, and our dedicated trust fund income sets us apart from all other agencies. Those of us who have worked for SSA for some years have certain tenets we work by. One is, the right check to the right person on time. Another is protecting the trust fund from unnecessary expenditures while ensuring the all persons entitled to benefits receive them.

Today SSA's overriding policy is to reduce expenditures and personnel. I have documented many of the problems this has created. We are worried that the balance has tipped. In our mania to reduce expenses, we fear we will fail to ensure that all persons entitled to benefits receive them.

The Social Security Act is long and complex. When we have inadequate funds to train our own staff on its rationale and meaning, how can we be expected to keep the public informed? Our dedicated employees are trying, and in many ways they are succeeding. Unfortunately, the current direction of the agency is clear: reduce costs and retreat from helping all who are legally entitled to benefits. We must change our course before it becomes too late. Remember, Social Security taxes pay not only for benefits, but for the courteous, dignified service all Americans should receive from our agency.

Thank you again, Mr. Chairman, for the opportunity to appear before you. We would be happy to answer any questions you or your colleagues might have.

Chairman JACOBS. Thank you, Mr. Behlke.

The committee is most honored by the presence of the venerable Arthur Flemming. Please proceed, Dr. Flemming.

STATEMENT OF ARTHUR S. FLEMMING, PH.D., COCHAIR, SAVE OUR SECURITY COALITION (SOS), FORMER SECRETARY OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. FLEMMING. Thank you very much, Mr. Chairman. Let me first of all say to you and your colleagues on the committee thank you for conducting this oversight hearing on this very, very important issue.

I appear before you as former Secretary of HEW and also as cochair of SOS. As you know, Wilbur Cohen is the other cochair, another former Secretary of HEW.

I have had the opportunity of becoming acquainted with the two GAO reports that have been under discussion here today. We are deeply disturbed about the way in which the decision was made to cut the Social Security Administration's staff by 17,000 by the end of fiscal year 1990.

Here is how the General Accounting Office describes the process in its report on Social Security Administration management.

> In October 1983, executive branch hearings before OMB on SSA's fiscal year 1985 budget, SSA was asked to assess the effect of the management improvement program on SSA's staff over the next five years. OMB believed that systems modernization could yield large staff reductions, perhaps starting as early as fiscal year 1986. But because SSA lacked an integrated plan, it was unable to provide an agency-wide response, according to former Acting Commissioner McSteen. OMB later imposed what appears to be an arbitrary staff cut of 17,000 in SSA, to be achieved by the end of fiscal year 1990. Because it had no agency-wide, long-range plan, SSA lacked both an argument against and a blueprint for implementing staff reduction.

This ends the quote from the General Accounting Office report.

OMB, it seems to me, raised a very relevant issue. Could system modernization yield large staff reductions?

SSA, because it has no agencywide, long-range plan, could not respond.

The result? According to GAO, arbitrary action unrelated to possible adverse impact on the lives of countless persons who are a part of our Social Security system.

The GAO report on "Staff Reductions and Quality of Service" tells us SSA's traditional performance standards generally show stable performance when compared with 1984.

But what about the quality of service? In 1984 and now the General Accounting Office study shows that "about 80 percent of SSA clients view SSA service overall as good to very good"—the same as in 1984. But should the Nation be concerned about the 8 million that regard it as fair to poor? Should we not try to reduce that number sharply?

What has been the impact on employee morale? The report provides disturbing evidence on this issue. It seems clear that stress and lowered morale can have an adverse impact on quality of service in the years that lie just ahead.

The GAO report on "Staff Reductions and Quality of Service" does identify areas where, when compared with 1984, the situation has deteriorated.

For example, the report includes this statement:

> The processing time for disability and SSI—blind and disabled claims include the processing times of state disability agencies. SSA attributes the increase in the processing time for these claims primarily to implementation of the 1984 disability reform legislation.

Of course that is one of the major reasons. But the 1984 amendments became necessary because of a breakdown in the management of the disability program—a breakdown that was fueled by an overwhelming desire to save money even though to do so would drive some to suicide and others to experience suffering that could have been alleviated.

Are we still spending too little time on processing disability claims, are we still turning our backs on suffering that could be alleviated because of blind adherence to an arbitrary decision to cut SSA personnel by 17,000? I hope this committee will explore that question.

We are also deeply concerned about the GAO's findings relative to morale among the SSA personnel. Over a span of better than 50 years, career personnel have made a tremendous contribution to the implementation of one of the most exciting and rewarding programs ever undertaken by our nation.

The future of our Social Security system depends on our ability to retain and recruit the type of public servant that has served us so well in this area.

If we do not heed the warning signals in the GAO report and do something about them, we will witness a deterioration of the caliber of personnel at just the time the burdens become heavier.

If the GAO recommendations are implemented, however, recommendations such as those calling for new opportunities in the area of training, it will require an increased investment of time.

Can that investment be made if we are going to adhere blindly to an arbitrary decision to cut SSA personnel by 17,000?

I am concerned by the process that led to the arbitrary decision to cut SSA personnel by 17,000 by the end of fiscal year 1990. It seems to me our system of government broke down at that point.

The agency serving as a trustee for a system that impacts on the lives of virtually all our people was not prepared to point up both the short-term and long-term results of such an action.

Those who were thinking primarily of money were able to make an arbitrary decision without having to confront a challenge related to the needs of beneficiaries.

No one questions the fact that we should determine how much we can save as a result of technological developments. But before we arrive at a figure, we should also determine how we can use technological developments to improve services.

Furthermore, the person or persons who are going to decide on major cuts should have placed before them a clear picture of what an operation such as SSA is going to confront in terms of changing and increasing workloads.

GAO's management study of SSA makes it clear that the top management of SSA, for the reasons outlined in the report, has not been in a position to present to the President or the Congress both the short-term and long-term requirements of this all-important system.

This report has convinced me that I did the right thing when I decided to join with others in recommending that responsibility for our Social Security system be transferred to a bipartisan board which would delegate authority for designating day-to-day operations to an executive director.

The Social Security system is as important to the future of our Nation as, for example, the Federal Reserve Board. I believe that a bipartisan board could coordinate the short-range and long-range planning function for the Social Security system more effectively than a single Commissioner who carries responsibility for this function along with operating responsibilities.

I believe that under such a system of governance we could minimize the possibility of another arbitrary decision to cut the staff by 17,000.

[The prepared statement follows:]

STATEMENT
BY
ARTHUR S. FLEMMING
CO-CHAIR, COALITION TO PROTECT SOCIAL SECURITY (SOS)
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
U. S. HOUSE OF REPRESENTATIVES
April 2, 1987

I appear before you as former Secretary of HEW and also as Co-Chair of SOS. As you know, Wilbur Cohen is the other Co-Chair, another former Secretary of HEW.

I have had the opportunity of becoming acquainted with the two GAO reports that have been under discussion here today. We are deeply disturbed about the way in which the decision was made to cut the Social Security Administration's staff by 17,000 by the end of fiscal year 1990.

Here is how the General Accounting Office describes the process in its report on Social Security Administration management. "In October 1983, executive branch hearings before OMB on SSA's fiscal year 1985 budget, SSA was asked to assess the effect of the management improvement program on SSA's staff over the next five years. OMB believed that systems modernization could yield large staff reductions, perhaps starting as early as fiscal year 1986. But because SSA lacked an integrated plan, it was unable to provide an agency-wide response, according to former Acting Commissioner McSteen. OMB later imposed what appears to be an arbitrary staff cut of 17,000 on SSA, to be achieved by the end of fiscal year 1990. Because it had no agency-wide, long-range plan, SSA lacked both an argument against and a blueprint for implementing staff reduction." This ends the quote from the General Accounting Office report.

OMB, it seems to me, raised a very relevant issue. Could system modernization yield large staff reductions?

SSA, because it has no agency-wide, long-range plan, could not respond.

The result? According to GAO, arbitrary action unrelated to possible adverse impact on the lives of countless persons who are a part of our Social Security system.

The GAO report on "Staff Reductions and Quality of Service" tells us SSA's traditional performance standards generally show stable performance when compared with 1984.

But what about the quality of service? In 1984 and now the General Accounting Office study shows that "about 80 percent of SSA clients view SSA service overall as good to very good"--the same as in 1984. But should the nation be concerned about the eight million that regard it as fair to poor? Should we not try to reduce that number sharply?

What has been the impact on employee morale? The report provides disturbing evidence on this issue. It seems clear that stress and lowered morale can have an adverse impact on quality of service in the years that lie just ahead.

The GAO report on "Staff Reductions and Quality of Service" does identify areas where, when compared with 1984, the situation has deteriorated.

For example, the report includes this statement: "The processing time for disability and SSI--Blind and Disabled claims include the processing times of state disability agencies. SSA attributes the increase in the processing time for these claims primarily to implementation of the 1984 disability reform legislation."

Of course that is one of the major reasons. But the 1984 amendments became necessary because of a breakdown in the management of the disability program--a breakdown that was fueled by an overwhelming desire to save money even though to do so would drive some to suicide and others to experience suffering that could have been alleviated.

Are we still spending too little time on processing disability claims, are we still turning our backs on suffering that could be alleviated because of blind adherence to an "arbitrary" decision to cut SSA personnel by 17,000? I hope this Committee will explore that question.

We are also deeply concerned about the GAO's findings relative to morale among the SSA personnel. Over a span of better than 50 years, career personnel have made a tremendous contribution to the implementation of one of the most exciting and rewarding programs ever undertaken by our nation.

The future of our Social Security system depends on our ability to retain and recruit the type of public servant that has served us so well in this area.

If we do not heed the warning signals in the GAO report and do something about them, we will witness a deterioration of the caliber of personnel at just the time the burdens become heavier.

If the GAO recommendations are implemented, however, recommendations such as those calling for new opportunities in the area of training, it will require an increased investment of time.

Can that investment be made if we are going to adhere blindly to an "arbitrary" decision to cut SSA personnel by 17,000?

I am concerned by the process that led to the "arbitrary" decision to cut SSA personnel by 17,000 by the end of fiscal year 1990. It seems to me our system of government broke down at that point.

The agency serving as a trustee for a system that impacts on the lives of virtually all our people was not prepared to point up both the short-term and long-term results of such an action.

Those who were thinking primarily of "money" were able to make an arbitrary decision without having to confront a challenge related to the needs of beneficiaries.

No one questions the fact that we should determine how much we can "save" as a result of technological developments. But before we arrive at a figure, we should also determine how we can use technological developments to improve services.

Furthermore, the person or persons who are going to decide on major cuts should have placed before them a clear picture of what an operation such as SSA is going to confront in terms of changing and increasing workloads.

GAO's management study of SSA makes it clear that the top management of SSA, for the reasons outlined in the report, has not been in a position to present to the President or the Congress both the short-term and long-term requirements of this all-important system.

This report has convinced me that I did the right thing when I decided to join with others in recommending that responsibility for our Social Security system be transferred to a bi-partisan board which would delegate authority for designating day-to-day operations to an executive director.

The Social Security system is as important to the future of our nation as, for example, the Federal Reserve Board. I believe that a bi-partisan board could coordinate the short-range and long-range planning function for the Social Security system more effectively than a single Commissioner who carries responsibility for this function along with operating responsibilities.

I believe that under such a system of governance we could minimize the possibility of another "arbitrary" decision to cut the staff by 17,000.

Chairman **Jacobs**. Thank you, Dr. Flemming, for a very eloquent statement.

Mr. **Flemming**. You are welcome.

Chairman **Jacobs**. Ms. Sweeney.

STATEMENT OF EILEEN P. SWEENEY, STAFF ATTORNEY, NATIONAL SENIOR CITIZENS LAW CENTER, ON BEHALF OF THE ALLIANCE OF SOCIAL SECURITY DISABILITY RECIPIENTS

Ms. **Sweeney**. Thank you. I am a staff attorney at the National Senior Citizens Law Center, and I am appearing here today on behalf of my client, the Alliance of Social Security Disability Recipients.

The basic point of my statement is that these days it is very common to find that SSA is doing one thing while calling their actions something totally different. Recent SSA documents clearly present a picture of an agency that is implementing major cuts in service and dramatically reducing the quality of service, all while exhorting its staff to provide better service.

As evidence of this position, my statement focuses on six subjects, and I have submitted to the subcommittee all the documents that I have cited. I think they are fairly compelling in terms of the changes you can see just in the last 6 months within the agency.

First, SSA is cutting back dramatically in the assistance they provide to disabled people in filing their disability applications. I have also submitted a copy of the applications. They are not easy to fill out. They are allegedly user friendly, but you have to be a fairly well-educated, articulate individual to fill one out. I am not even sure everybody in that category would be able to do it.

When you go in to apply now, SSA is sending you home with the application to fill out, and then you come back in again later. This is a very serious problem. It is very likely we are going to find that people do not come back or they get frustrated very easily, and that we will see more people being denied because they did not complete their applications.

The memos suggest that this is being done to improve the quality of the process, to involve the person more in the process of applying. But it is really crazy in a system where you have so many people who desperately need the benefits but who are not going to be able to fill out the applications.

There are exceptions. If you come in and allege that you are mentally impaired, if you allege you are schizophrenic, they will help you. But that is a pretty rare person who walks in and says, "Hi, I am schizophrenic."

Similarly, if you ask to be helped—and that has sort of been the theme today—if you ask they will tell you. But in Social Security, it is a very complicated system, and I think a lot of people are intimidated and they do not ask. These days, if you do not ask, you do not get it. I think this is basically the rule.

This has also been supported by the memos that are out on how aliens are to be treated who are coming in asking for new numbers. SSA staff have been told not to tell these people that they need to have their earnings records transferred from wherever they have been in the system to their own Social Security number. That obviously has incredible implications for the individual, but the memo very clearly says that this is being done to deal with the workload. It says, "While this will not completely eliminate our workload in this area, it will reduce it substantially." The reason it will not eliminate it, they say, is because attorneys will tell their clients to go in and ask to have their records changed.

SSA should be telling people that that is something that should be done in their cases. It is not being done because of their staffing problems.

Similarly, Dorcas Hardy has a memo out that basically has put a moratorium on all types of instructions to the field. You can send out a nice little hortatory memo saying, "Oh, do not forget the homeless," but you cannot send out a memo saying, "Here are the five things you have got to do to help homeless people." That moratorium has been in effect since January. It is a very, very serious problem. It has been extended a couple times already. The moratorium memo, the first part of it, talks about the fact that we are doing this to improve the quality of the manuals, we are going to look at whether we want to change the 40,000-page system we currently have, and indicates that this is being done to improve quality of service.

Well, that is fine except for you cannot stop telling people the rules for 2 years until you get a new system in place. You have to keep telling people so they can provide accurate service.

All the other memos that accompany Dorcas Hardy's memo clearly indicate this is not about service to the people. It is about trying to figure out ways to cut the amount of printing costs that the Social Security Administration has. And the memos say if you have an essential form that has to go out, you tell us why it is critical and we will see if we can afford to print it. That is not how this agency should be working. It should be getting instructions out to people that they need in order to properly adjudicate people's claims.

The other problem we are seeing—and I do not have a handle on exactly why it is happening—SSA is clearly starting to move its offices of hearings and appeals out of local districts in metropolitan areas to the suburbs. I understand that that is happening in Houston, although I do not know the details. It has been a very big problem in New Orleans and Los Angeles, and it appears to be happening with some frequency.

I think it is budget related. People are not going to have access to public transportation. They seem to be going to places where people cannot get to, which is clearly a major disservice to the public.

Two other points: this past year we have spent a lot of time in litigation with the Social Security Administration over the issue of whether they are going to stop using claims folders in determining whether or not a person is entitled to a waiver of an overpayment. In that context, SSA came up with the assumption that it would save 226 work years if they did not use the files.

In depositions, we went through with them how they came up with their assumption. It was based totally on illegal premises, things that they had represented they would not do in implementing the process. It suggested, to me at least, that if all their work year assumptions are made the way that one was made, there are very serious concerns about these mega-estimates that they keep providing to the Congress about the amount of time they can save by the various modernization strategies that they are developing.

The last point has to do with telephone service, since it is a perspective that we seem to see more than other people because we are the advocates for the beneficiaries. It is not wise for a person to deal with SSA over the telephone. That is because SSA destroys the evidence of the contact with the person.

You call in and you say, "I want you to know I have worked for the last 5 months." SSA says, okay, great, we will check that information and we will get back to you. If they do not put it in the computer properly, they will batch the information for a 3- to 6-month period, keep it in the office and then throw it out. It never gets connected with the file they keep on the person.

So 2 years later, when they decide they have overpaid you because you did not tell them that you were working, there is no evidence that the person told the truth. This is a very serious problem that I think needs to be looked at. It is one thing to say we need to be going to computerization, which is obviously very important, but at the same time eliminating the paper system by which people can prove what they did in their actions with the Government is a very scary proposition.

It is very important that the committee continue looking at these issues. It is wonderful you held this hearing. I support efforts for the creation of an independent agency, and I would also encourage members of the subcommittee to look at the bill of rights which the Save Our Security Coalition has developed. I think it would address many of the types of service problems that we are starting to see.

Thank you.

[The prepared statement and attachments follow:]

STATEMENT OF EILEEN P. SWEENEY, NATIONAL SENIOR CITIZENS LAW CENTER, ON BEHALF OF THE ALLIANCE OF SOCIAL SECURITY DISABILITY RECIPIENTS

I am a staff attorney at the National Senior Citizens Law Center (NSCLC).

I am appearing today on behalf of my client, the Alliance of Social Security Disability Recipients. Based in North Carolina and led by Dona Montgomery, the Alliance has over 4,000 members in 18 states. The Alliance was formed in the early 1980's by disabled individuals, their families and friends, to advocate against the disability benefit terminations which eventually led to the passage of P.L. 98-460, the Social Security Disability Reform Act of 1984. The Alliance and its members are very concerned about the effect which the reductions in staffing, office closings and other SSA service/budgetary measures are having upon service to their members and all elderly and disabled individuals.

NSCLC is a national legal support center funded primarily by the Legal Services Corporation. We also receive funds from the Administration on Aging. We provide legal services and aging advocates with assistance in addressing the legal needs of their elderly and disabled clients. I specialize in Social Security and SSI issues.

My statement today focuses upon problems which are being seen within SSA in areas other than disability determinations at the DDS level. The Alliance believes there are very serious problems arising in the name of service and budgetary restraints in the disability determination process as well, but understands that this Subcommittee will address these issues at another hearing.

The basic point of my statement is that, these days, it is very common to find that SSA is doing one thing while calling their actions something totally different. Recent SSA documents clearly present a picture of an agency that is implementing major cuts in service and dramatically reducing the quality of service, all the while exhorting its staff to provide better service. As evidence of this position, this statement focuses on the following six subjects:

1. SSA is cutting back its assistance to disabled people in completing the application.
2. SSA has issued a "moratorium" on the issuance of instructions to the field.
3. SSA does not intend to provide aliens seeking legalization with all the assistance they are entitled to receive.
4. The SSA Office of Hearings and Appeals is making changes which dramatically limit the quality of hearings and access to those hearings.
5. Information about the assumptions which SSA made on work-year savings on one issue suggests that all of its work-year savings assumptions are flawed and should not be relied upon.
6. It is not wise for a person to deal with SSA by telephone: SSA destroys the evidence.

1. SSA is cutting back its assistance to disabled people in completing the application.

SSA has changed the procedure it utilizes when a disabled person wants to apply for benefits. See Chicago Region (V) memo No. 16-87, dated January 28, 1987, entitled "PROGRAMS--Instructions on the Self-Help Completion of Disability Reports at Home and Claimant Involvement in

Obtaining Medical Evidence of Record (MER)--ACTION."[1] The memo first notes that "One of Commissioner Hardy's objectives is to deliver the highest level of quality service to the public in the most timely and cost-effective manner."

It then discusses two new SSA initiatives. Pursuant to one initiative, when a disabled person comes into the SSA district office to apply for benefits, SSA staff will give the person the application and send him/her home to fill it out. This applies to other reports as well. According to the memo, the Atlanta Region has already "piloted" this approach. SSA claims the following results:

> "° Claimants are able to provide a picture of themselves in their own words so that the DDS' have a better understanding of the condition and how it prevents them from working;
>
> ° About 20 minutes of interviewing time is saved resulting in an efficient and more pleasant interview; and
>
> ° Accuracy of disability report is enhanced, not diminished, because there is active management review of the process."

Also, SSA is now asking claimants to obtain the medical evidence of record (MER), "permitting them to take a more active role in the processing of their disability claims."

According to the "Regional Transmittal" accompanying the memo, DI RI1005.020, the disability application, SSA-3368-F8[2] and various reporting forms "were designed for self-help and most claimants and/or their representatives usually have little or no difficulty completing them."

SSA lists only three exceptions to this rule:

1. Claimants "alleging" mental impairments "such as schizophrenia, paranoia, mental retardation, anxiety, nervousness, etc." are excluded "unless they are accompanied by a representative." (Emphasis added.) It should be noted here that SSA generally defines "representative" to include family and friends. In addition, not everyone with a mental impairment alleges that the impairment is the basis for the disability application. Few people walk in and allege they are "paranoid" or "schizophrenic."

2. "[I]f the claimant requests it, or expresses concern or indicates apprehension about his/her ability to complete the form," the interviewer "should always" complete it. There is no indication that SSA will tell the person that if s/he asks, SSA will help. In fact, the memo on aliens discussed below clearly suggests that where workload is the motivating factor behind an instruction, it is expected that SSA staff will not offer their assistance unless it is specifically requested.

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[1] Six copies of the exhibits referred to in this statement were supplied to the Social Security Subcommittee.

[2] Copies of the forms which SSA expects the disabled person to complete are included in the package of exhibits.

3. "The interviewer should also assist in any other situation such as dire need or homelessness...."

There is no mention of illiteracy and/or inability to speak, read or write English, or blindness as conditions requiring completion by SSA,staff.

While the transmittal does not address it, there is apparently some concern among SSA staff that SSA does not intend to take protective filings when it sends the person home with the application. If it does not, many individuals could lose a month or more of benefits if they file their applications after the end of the calendar month in which they originally came to the office. It may be that, at least in those cases where the person comes in to the office SSA will treat the non-disability portion of the application as filed. However, if this is true, there is no indication of what SSA will do if the person fails to file the rest of the application.

This procedure is not intended to benefit the people SSA is supposed to serve. Rather, under the guise of improving quality, SSA is systematically retreating from decades of service in which high quality assistance was greatly prized. In limiting its service in areas such as completion of the application, it is inevitable that eligible individuals will never receive the benefits to which they are legally entitled.

2. SSA has issued a "moratorium" on the issuance of instructions to the field.

Since January 6, 1987, almost three months ago, Commissioner Hardy has placed a "moratorium" on the issuance of instructions to the field. In a 1/6/87 memo to "Senior Staff," she stated that she intends to "streamline and significantly reduce" the size of the POMS (Program Operations Manual System). Allegedly to "demonstrate (her) commitment to this effort" she has called a halt to telling SSA staff about the rules which are to be applied in processing individual's cases. This moratorium applies to "the development, issuance and distribution" of instructions. In other words, even when (or if) the moratorium ends, it will not be possible to issue instructions at that point: no one will have written them.

Curiously, Commissioner Hardy once again couches her order in the protective covering of service: "The policies and procedures guiding our work need to be clear, concise, easy to use, accessible, and accurate if we are to provide the high quality, responsive and error-free service to the public that we all share as a goal." It sounds good, but is does not reflect what is really happening here.

Additional SSA memos fill in the details about this alleged concern for service. In a second memo (undated, but requiring a reply by February 13, 1987), Enid Borden, the Deputy Commissioner for Policy and External Affairs, informed Deputy Commissioners that the moratorium had been extended "at least through May 15, 1987." Further, "its scope has also been expanded to include new or revised forms which are operationally essential." Ms. Borden states that "one of the reasons the Commissioner has included forms in the moratorium is that we are currently faced with severe budget limitations." (Emphasis added.) She makes no mention of the Commissioner's alleged concern about service. The remainder of the memo details a series of obstacles which have been created to assure that no forms or instructions are issued. (See also "Tab A" attached to that memo.) Ms. Borden concludes by stating that once each deputy has submitted his/her priority list of instructions in critical need of release, "we will work with the Deputy Commissioner for Management and Assessment to determine what available funds can be made available for printing." In other words, the moratorium is no more than a smokescreen to arbitrarily cut costs by simply not issuing new rules. As this moratorium continues, SSA field staff will find themselves less and less in touch with the actual rules of this program. There is absolutely no basis for claiming that this is beneficial to the individuals whom SSA serves.

3. SSA does not intend to provide aliens seeking legalization with all the assistance they are entitled to receive.

A recent Denver regional memo very clearly states that SSA is not planning to tell aliens that they may need to correct earnings discrepancies (i.e., earnings posted to the incorrect wage record).[3] They claim this is "because SSA will have no face-to-face contact with aliens during the enumeration process." The result of this policy is:

> "This will not eliminate an earnings discrepancy workload altogether, we can still expect the aliens on their own or at the urging of legalization counselors and immigration attorneys to request correction of their records. Aliens making such requests will be treated like any other members of the public who identify problems with their records."

In other words, by reducing service to individuals who are contributors to the Social Security system by not telling them of the service, SSA intends to come close to "eliminat[ing] its earnings discrepancy workload altogether." This is not even a marginally defensible policy in light of the mission of the agency. It is also very unfair in light of the various time limitations upon corrections of earnings records. [See 42 U.S.C. §405(c).]

SSA apparently is also considering ways in which it can amend its regulations to bar or significantly limit the ability of aliens to correct earnings discrepancies. On page 2 of the circular, the region states that SSA is:

> "--examining ways to tighten on earnings discrepancy development procedures
>
> --preparing a ruling to permit us maximum flexibility to tighten procedures under existing regulatory language
>
> --redrafting the earnings discrepancy regulations to emphasize the burden of responsibility on SSN holder in the correction process
>
> --exploring the feasibility of legislation to minimize workload impacts."

If implemented, these changes would affect not only service reductions but would bar many individuals who are contributors, regardless of their alienage, from correcting their earnings records, thus resulting in lower benefits or no benefits, all to "minimize workload impacts." In the case of an alien seeking legalization, SSA's failure to affirmatively mention the need to assure that all of the person's wages have been properly credited to the correct wage record could significantly hinder the person's ability to establish his/her eligibility for legalization under the 1986 Act.

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[3] See Denver Regional Program Circular, No. 87-02, dated 1/30/87, "Immigration Act Implementation Report."

4. The SSA Office of Hearings and Appeals is making changes which dramatically limit the quality of hearings and access to those hearings.

Budgetary versus service issues have been a matter of concern for advocates dealing with SSA's Office of Hearing and Appeals (OHA)[4] for some time. However, it appears that the emphasis on budget has now been stressed to the point that it is now no longer difficult to identify major restrictions in service.

1. The New Orleans OHA office is currently located in a business area in a black community; it is easily accessible to public transportation. OHA recently announced that it is moving the office to the suburbs, to all-white Jefferson Parish. This is the parish where, in recent months, the sheriff made national news when he announced his intent to search all black people coming into his parish as they were suspect. Most recently, *The Washington Post* carried an article reporting that Jefferson Parish had agreed to take down *the wall* it had built on its border with the city. Needless to say, the new site also is not at all convenient to public transportation.

2. In Los Angeles, advocates tell us that one OHA office has moved into a building where parking costs $12.00. As SSA only pays travel costs where the person travels over 75 miles *each way* to a hearing, this ridiculously high cost must be borne by the disabled person *or* he must park two blocks away and attempt to walk the distance. (Of course, if a person does and makes the two block walk, regardless of how difficult it was, SSA will hold that against him/her in determining eligibility.) OHA is also attempting to move its Watts office out to the suburbs, away from the people it serves and away from accessible public transportation.

3. In recent years, OHA has created "travelling ALJs." These ALJs appear at an OHA site, usually for one week, hold hearings and then return to their home offices to prepare and issue the decisions. In order to make these trips cost-effective, it appears that SSA requires that the ALJ conduct a specific number of hearings, in the area of one every 30 minutes. Advocates (both legal services attorneys and members of the private bar) have expressed their concern about the practices of these ALJs. They see these ALJs taking shortcuts that seriously impair the evidentiary records in these cases. For example, some travelling ALJs refuse to call a vocational expert (VE) to appear at the hearing, even though SSA's own regulations require the use of a VE in the case. The questioning and cross-examination of a VE takes time. Calling a VE in one case will result in delays in the ALJ's already overbooked schedule. So, quality is sacrificed to short-term, but also short-sighted, cost-effectiveness. It is likely that a court will reverse the ALJ upon appeal and remand for a new hearing which includes a VE, all at significant, unnecessary cost to SSA.

In a second example, after the travelling ALJ (from Puerto Rico) held a hearing *in North Carolina*, he sent the claimant's attorney a notice that he intended to "depose" a medical adviser *in Puerto Rico* about the case. Needless to say, very few people and certainly no client of a legal aid program can afford to send their attorney to Puerto Rico to cross-examine the medical adviser. It would have been far more appropriate, and much more fair, for the ALJ to have taken the time at the hearing in North Carolina to hear the testimony of a medical adviser.

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[4] OHA is the office within SSA which includes the federal administrative appeals levels: the administrative law judges (ALJs) and the Appeals Council. The Appeals Council is located in Arlington, Virginia. OHA has offices throughout the U.S. at which ALJs hold hearings and from which they travel (to some extent) to hold hearings.

5. **Information about the assumptions which SSA made on work-year savings on one issue suggests that all of its work-year savings assumptions are flawed and should not be relied upon.**

NSCLC has recently had the opportunity to scrutinize carefully, in the context of litigation, the estimated work-year savings which SSA allegedly intends to realize if three courts permit it to stop using the claims file in determining whether a person is entitled to waiver of recovery of a Title II overpayment.[5] In the overall picture, the work-year savings here are modest compared to those it allegedly intends to realize from its various modernization projects. However, the method it used to create its estimate here suggests the existence of serious flaws in SSA's overall estimates. As these estimates provide SSA with its justification for cutting staff positions based on future estimates while also substantially increasing the workload, all while claiming quality of service will not suffer, the experience with the Buffington estimates is instructive.

Documents supplied in Buffington reflect that SSA expects to save 226 work-years annually if the courts grant its motions.[6] The document, written by Sherwin T. Montell,[7] includes numerous erroneous assumptions.[8] When questioned about this at a deposition, SSA agreed that the assumptions were incorrect and essentially dismissed the validity of the work-year estimate. Portions of the deposition are set out in the appendix to this statement.

If this is the shoddy nature of the estimates which SSA creates even when it knows the issue will be subjected to judicial scrutiny, the Congress should view as highly suspect any mega-estimate that is essentially the accumulation of similar, smaller flawed estimates.

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[5] SSA has filed motions to this effect in Buffington v. Bowen, Civil Action No. 734-73C2 (W.D. Wash.); Yamasaki v. Bowen (D. Haw.); and Mattern v. Bowen (D. Pa.). The issue originally giving rise to these cases was decided by the Supreme Court in Califano v. Yamasaki, 442 U.S. 682 (1979).

[6] See memo from Sherwin T. Montell to Paul Tracy.

[7] At deposition, SSA representative Paul Tracy described Mr. Montell's credentials as follows:

> Mr. Sacchetti (SSA attorney): The people who made these estimates, could you describe your understanding of who they are and what their background is?
>
> The Witness (Mr. Tracy): Well, basically these are financial management people whose jobs is to price out different functions, ongoing functions, proposed functions, to in effect put together budgets and activities like that who are highly experienced and have their expertise in work power savings and costs.

Deposition of Paul Tracy, p.35 (November 5, 1986).

[8] Among the incorrect assumptions are: (1) no person seeking a waiver of recovery of the overpayment would request to seek his/her file before the hearing; (2) all people seeking waivers would have their hearing on the same day as they filed their request for waiver; and (3) no review of decisions made by the district offices. (By "incorrect" we mean that the assumption was inconsistent with and contradictory to the representations which SSA had made about the proposed procedure in dealings with the plaintiffs' counsel.)

6. It is not wise for a person to deal with SSA by telephone: SSA destroys the evidence.

When questions are raised about SSA's staffing cuts, SSA regularly cites its increased use of the telephone as a panacea. However, telephone "service" has numerous limitations. The most obvious for anyone who has tried to call SSA field offices is that the lines are perpetually busy. But, even when the person gets through, there is no way that s/he can be sure that SSA has really recorded the information s/he supplied. It would probably shock most beneficiaries to learn that SSA generally destroys the evidence of the call after a fixed period of time, usually three to six months.

Included in the exhibit package are the "Records Retention and Disposal Schedules" from SSA's "Records Management Handbook." Categories 2 and 3 of this schedule list documents (including information supplied to SSA and recorded on SSA "report of contact" forms) which SSA either destroys "immediately" or after input of the information (Category 2).

While SSA also destroys the evidence that a person came into the office and presented, the telephone situation significantly increases the proof problems later. In both cases, SSA should be retaining the evidence. Instead, after it is destroyed, when SSA discovers it made an error and overpaid the person, SSA blames the beneficiary for its error. When the beneficiary then tells SSA that s/he did report to SSA, SSA frequently uses the fact that there is no record of contact in the file as proof that the person is not credible. At least where the person visited the office, s/he can describe the person s/he spoke with or provide some context for his/her statement that s/he reported. The telephone strips away even this meager protection.

It is very important that the Congress consider the types of problems, such as the one mentioned here, which are likely to accelerate in frequency, if SSA persists in its move to greater reliance upon the telephone in service delivery.

Conclusion

The Subcommittee's concerns about these issues are well-founded. It is critical that Congressional scrutiny continue and intensify. This Subcommittee should consider legislative action to restore SSA to the well-respected, trusted service agency that it for years prided itself in being. In addition to once again passing the Independent Agency bill, the Subcommittee should also consider a legally enforceable beneficiary and contributor's "Bill of Rights," such as the one recently developed and endorsed by the Save Our Security Coalition.

APPENDIX

EXCERPTS FROM BUFFINGTON DEPOSITION

1. SSA had not done any alternative estimates that took into account more realistic assumptions about how the process would work: "...[T]his was basically pricing out the process that I've described. I don't believe we have done the variations on that in terms of pricing out." Deposition of Paul Tracy, p.29 (November 5, 1986).

2. "...[T]his was simply done for purposes of some kind of pricing out of the proposal and certainly would be only an assumption for that purpose." Deposition of Paul Tracy, p.30 (November 5, 1986).

3. In reply to a question on how SSA determined that its district offices would contact the program service centers in 16% of the cases, SSA replied:

   > "I don't know what specifically went into that particular estimate. It would seem like there could be a variety of things. These were obviously, incidentally, made by one staffer saying this is the way I would picture the process working and giving estimates of what they would anticipate. Where the 16 percent came from, I cannot tell you. It probably is someone's best estimate based on past experience or something like that."

   Deposition of Paul Tracy, p.31.

4. With assistance from SSA's counsel, Mr. DePass, Mr. Tracy tried to distance SSA even farther from its own work-year estimate:

   > Mr. DePass (SSA attorney):...Maybe we ought to state clearly for the record what was the purpose of that particular letter or memorandum? What was it trying to show or project?
   >
   > The Witness (Mr. Tracy): All it was trying to project was what would the work years--what work year savings would be involved were we to move from one type of process to the proposed type of process.
   >
   > * * *
   >
   > The real purpose is simply to give the decision-maker some estimate as to what kind of work power is either being saved or expended on a given thing.
   >
   > Since it's not an in-effect thing, it obviously has to be based on people's best estimates or guesses as to what the expenses of the different steps of the process would have to be.

   Deposition of Paul Tracy, p.34.

5. And finally:

   > Ms. Sweeney (plaintiff's counsel): Is it safe to assume that when somebody makes estimates like this that SSA is going to

> rely upon that they try and find out something about the process they're making the estimates on?
>
> Mr. Tracy: I'm not sure I understand that.
>
> Ms. Sweeney: I think they [SSA] relied pretty heavily on these work year estimates and I assume the folks within SSA who make decisions about work year estimates...had to know exactly what the rules of the game are, what SSA plans to do, before they can make those types of judgments.
>
> Mr. Tracy: Well, for purposes of decisionmaking, you may not know all of the --you know there are are savings involved, of certain operations being virtually eliminated or reduced. I don't think that anyone ever pretends that they can know with certitude what those are going to end up with, but what they're looking at is basically a best guess as to what the operation should entail.

Deposition, pp.34-35.

EXHIBITS ACCOMPANYING THE TESTIMONY
OF EILEEN P. SWEENEY

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION
Chicago Regional Office

REGIONAL MEMORANDUM NO. 16-87 DI-7

TO : All District, Branch, Teleservice Center, and Satellite Office Managers

DATE: January 28, 1987

Refer to: SD5B4

FROM : Office of the Regional Commissioner

SUBJECT: PROGRAMS--Instructions on the Self-Help Completion of Disability Reports at Home and Claimant Involvement in Obtaining Medical Evidence of Record (MER)--ACTION

INTRODUCTION

One of Commissioner Hardy's objectives is to deliver the highest level of quality service to the public in the most timely and cost-effective manner. To that end we have developed two initiatives: Field Offices Requesting Medical Evidence of Record (FORMER) and increasing claimant participation in the interview process.

Under FORMER the MER is requested at the earliest possible time --immediately following the FO interview. Each state's Quality Circuits Steering Committee has submitted a FORMER proposal to the Regional Office. We are now reviewing those plans.

The second initiative (instructions attached) focuses on claimant completion of disability reports at home for teleclaims, appointments, and, on an optional basis, for walk-in interviews. This process minimizes the FO time in completing forms and permit claims representatives (CR's) to focus on supplementing claimant responses. Procedures are also included for claimants to obtain MER from their treating sources. These procedures should be implemented as soon as possible.

BACKGROUND

The Atlanta Region piloted claimant completion of disability reports at home and concluded:

- Claimants are able to provide a picture of themselves in their own words so that the DDS' have a better understanding of the condition and how it prevents them from working;
- About 20 minutes of interviewing time is saved resulting in an efficient and more pleasant interview; and
- Accuracy of the disability report is enhanced, not diminished, because there is active management review of the process.

Additionally, claimants are asked to obtain MER from their treating sources at the same time, permitting them to take a more active role in the processing of their disability claims.

MANAGEMENT RESPONSIBILITIES

The success of these initiatives depends on careful management attention. Ongoing supervisory reviews of the disability reports are necessary to ensure an accurate and timely disability product. Reviews of interviewing practices are also necessary to ensure the interviewer exercises correct judgement.

I know I can count on your commitment to these initiatives. I will appreciate your feedback regarding these new procedures and any recommendations you have to improve the process.

Any questions or comments concerning this memorandum or the attachment should be directed to Ilene Kirtzic of the Disability Programs Branch at commercial (312) 886-3418 or FTS 886-3418.

Marlene M Moleski

Marlene M. Moleski
Regional Commissioner

Attachment

REGIONAL TRANSMITTAL NO.

Audience: CR, DRT, FR,
OA, OS, RR,
DDS--REF
Chicago Region

Originating Office: P-DPB

PROGRAM OPERATIONS MANUAL SYSTEM
Part 04 - Disability Insurance
Chapter 110 - Initial Claims Processing

New Material	No. of Pages
DI R11005.020	3

ACTION NOTE

Cross-refer DI 11005.020 to DI R11005.020

Background

Field offices (FO's) are responsible for ensuring that the SSA-3368-F8, SSA-3820-F6, SSA-3441-F6 and SSA-3369-F6 Disability Reports contain complete and accurate information. These forms were designed for self-help and most claimants and/or their representatives usually have little or no difficulty in completing them.

Explanation of Manual Supplement

This supplement expands self-help procedures to allow claimants and/or their representatives to complete these forms at home in disability teleclaims, appointment situations, and on an optional basis for walk-in interviews.

U.S. DHHS
Social Security Administration
Chicago Regional Office

Effective Date: Upon Receipt

R11005.020 Self-Help: Completion of Disability Reports at Home

A. Background

The FO's are responsible for ensuring that the SSA-3368-F8, SSA-3820-F6, SSA-3441-F6, and SSA-3369-F6 Disability Reports contain complete and accurate information. These forms were designed for self-help and most claimants and/or their representatives usually have little or no difficulty completing them.

Self-help has been used successfully in most FO reception areas and provides several advantages:

- Valuable interview time is saved resulting in increased efficiency;
- Claimants can use their own words to present a better picture of their disability so that adjudicators better understand their condition and how it prevents them from working; and
- Part of the self-help procedure provides claimants the opportunity to secure medical evidence of record from their treating sources and to submit it with the disability reports.

B. The New Self-Help and Medical Evidence Procedure

The new self-help procedure allows claimants to complete the disability reports at home in disability teleclaims, appointment situations, and for walk-in interviews on an optional basis. This procedure applies to both initial and reconsideration claims.

These new guidelines do not replace regular claims taking policies. Claims should always be taken if the claimant wishes to file or there is apparent eligibility.

This procedure permits claimants to access medical, employment, and other records and should result in a better disability product and improved public service.

1. Walk-In Interviews (OPTIONAL)

The interviewer must carefully:

- Assess the claimant's ability to complete the form at home. If it is doubtful, see "Exceptions."
- After ensuring that the claimant meets all the nondisability entitlement factors, complete all nondisability forms, obtain signed medical releases, record complete observations and provide reporting instructions.

- Complete the claimant's name, SSN, and telephone number on the form. Show a unit designation for mail association.

- Have the claimant complete the signature block on the report to avoid unsigned forms.

  Explain the self-help procedure and give the claimant the form to take home for completion and include a prepaid postage return envelope with a unit designation. Stress the importance of thorough and timely completion of the form. Explain that the claim cannot be processed until the report is received.

  Request that the claimant submit any medical evidence he/she has obtained from a medical source. An SSA-12 (GN 00202.125C.) should be used as a guide, and highlight the items the claimant should obtain and submit. If the claimant will be seeing his/her attending physician within 5 calendar days of the interview, he/she should be asked to, if possible, obtain and submit medical reports along with the disability forms.

- Emphasize the timely return of the form and followup by telephone if it is not received within the predetermined timeframes established by each office, e.g. 5 days.

- Use the tally for control purposes.

- Carefully review the form upon receipt.

- Telephone the claimant to obtain missing or incomplete information or to clarify any discrepancies. Use a Report of Contact to document any changes (DI 11005.050).

2. Teleclaims Interviews

- Except for having the claimant sign the Disability Report at the interview, all the steps in DI R11005.020 B.1. (above) should be followed.

- The forms will be mailed to the claimant for completion.

- The signature blocks should be highlighted and the claimant must be advised to sign all forms after completion.

- Record pertinent observations about difficulty in speaking, coherency, hearing, understanding, and answering (DI 11005.045).

- Tightly control teleclaims via the tally or other FO device.

3. Appointments

- The items in DI R11005.020 B.1. (above) also apply where appropriate.

- When the appointment is scheduled, the disability report should be mailed to the claimant for completion whenever possible and brought to the FO at the time of the scheduled appointment. The person scheduling the appointment should use the SSA-12 as a guide in advising the claimant what documents to bring to the interview. This includes requesting the claimant to submit medical reports in his/her possession. If the claimant will be seeing his/her treating source before the scheduled appointment, ask them to obtain a medical report from that source and bring it to the interview. If there is sufficient time, the standard teleclaims forms should be mailed to the claimant for completion prior to the interview. The SSA-12 should be enclosed with these forms as a guide.

- The interviewer must carefully review all forms and record observations during the interview.

C. Exceptions

The following exceptions apply:

- Any claimants alleging a mental impairment such as schizophrenia, paranoia, mental retardation, anxiety, nervousness, etc., are excluded from this procedure, unless they are accompanied by a representative. These claimants usually need assistance in completing forms and obtaining evidence.

- The interviewer should always complete the form if the claimant requests it, or expresses concern or indicates apprehension about his/her ability to complete the form.

- The interviewer should also assist in any other situation such as dire need or homelessness where it is possible the form will not be properly completed or returned timely.

D. Conclusion

Both management and staff attention are essential to ensure the success of this procedure. Ongoing supervisory review and good claims representative (CR) judgement are necessary to ensure a complete and accurate product.

Use of these procedures should make more productive use of CR time and in many cases improve the information going to the DDS'.

Quality Circuits can be used to resolve any problems that may occur.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration

OMB No. [illegible]

DISABILITY REPORT

PLEASE PRINT, TYPE, OR WRITE CLEARLY AND ANSWER ALL ITEMS TO THE BEST OF YOUR ABILITY. If you are filing on behalf of someone else, enter his or her name and social security number in the space provided and answer all questions. COMPLETE ANSWERS WILL AID IN PROCESSING THE CLAIM.

PRIVACY ACT NOTICE: The information requested on this form is authorized by Title 20 CFR 404.1512 and Title 20 CFR 416.912. The information provided will be used in making a decision on your claim. While completion of this form is voluntary, failure to provide all or part of the requested information could prevent an accurate or timely decision on your claim and could result in the loss of some benefits. Information you furnish on this form may be disclosed by the Social Security Administration to another person or governmental agency only with respect to social security programs and to comply with Federal laws requiring the exchange of information between Social Security and another agency.

A NAME OF CLAIMANT	B SOCIAL SECURITY NUMBER ___ ___ ___ / ___ ___ / ___ ___ ___ ___	C TELEPHONE NUMBER where you can be reached (include area code)

D WHAT IS YOUR DISABLING CONDITION? *(Briefly explain the injury or illness that stops you from working.)*

PART I — INFORMATION ABOUT YOUR CONDITION

1. When did your condition first bother you	MONTH	DAY	YEAR

2A Did you work after the date shown in item 1? *(If "no" go on to items 3A and 3B.)*	☐ YES ☐ NO
2B If you did work since the date in item 1, did your condition cause you to change —	
Your job or job duties?	☐ YES ☐ NO
Your hours of work?	☐ YES ☐ NO
Your attendance?	☐ YES ☐ NO
Anything else about your work?	☐ YES ☐ NO

(If you answered "no" to **all** of these, go to items 3A and 3B.)

2C. If you answered "yes" to **any** item in 2B, explain below what the changes in your work circumstances were, the dates they occurred, and how your condition made these changes necessary.

3A. When did your condition finally make you stop working?	MONTH	DAY	YEAR

3B. Explain how your condition now keeps you from working.

PART II — INFORMATION ABOUT YOUR MEDICAL RECORDS

4. List the name, address and telephone number of the doctor who has the latest medical records about your disabling condition.

If you have no doctor check ☐

NAME

ADDRESS

TELEPHONE NUMBER (include area code)

HOW OFTEN DO YOU SEE THIS DOCTOR?

DATE YOU **FIRST** SAW THIS DOCTOR

DATE YOU **LAST** SAW THIS DOCTOR

REASONS FOR VISITS *(show illness or injury for which you had an examination or treatment)*

TYPE OF TREATMENT OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)

5A. Have you seen any other doctors since your disabling condition began? *If "yes", show the following*

☐ YES ☐ NO

NAME

ADDRESS

TELEPHONE NUMBER (include area code)

HOW OFTEN DO YOU SEE THIS DOCTOR?

DATE YOU **FIRST** SAW THIS DOCTOR

DATE YOU **LAST** SAW THIS DOCTOR

REASONS FOR VISITS *(show illness or injury for which you had an examination or treatment)*

TYPE OF TREATMENT OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)

5B. Identify below any other doctor you have seen since your illness or injury began.

NAME

ADDRESS

TELEPHONE NUMBER (include area code)

HOW OFTEN DO YOU SEE THIS DOCTOR?

DATE YOU **FIRST** SAW THIS DOCTOR

DATE YOU **LAST** SAW THIS DOCTOR

REASONS FOR VISITS *(show illness or injury for which you had an examination or treatment.)*

TYPE OF TREATMENT OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)

6A. Have you been hospitalized or treated at a clinic for your disabling condition? ☐ YES ☐ NO

If "yes", show the following:

NAME OF HOSPITAL OR CLINIC

ADDRESS

PATIENT OR CLINIC NUMBER

WERE YOU AN INPATIENT? (stayed at least overnight?) ☐ YES ☐ NO *(If "yes", show.)*

WERE YOU AN OUTPATIENT? ☐ YES ☐ NO *(If "yes", show.)*

DATES OF ADMISSIONS	DATES OF DISCHARGES	DATES OF VISITS

REASON FOR HOSPITALIZATION OR CLINIC VISITS *(show illness or injury for which you had an examination or treatment.)*

TYPE OF TREATMENT OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)

6B. If you have been in other hospital or clinic for your illness or injury, identify it below.

NAME OF HOSPITAL OR CLINIC

ADDRESS

PATIENT OR CLINIC NUMBER

WERE YOU AN INPATIENT? (stayed at least overnight?) ☐ YES ☐ NO *(If "yes", show.)*

WERE YOU AN OUTPATIENT? ☐ YES ☐ NO *(If "yes", show.)*

DATES OF ADMISSIONS	DATES OF DISCHARGES	DATES OF VISITS

REASON FOR HOSPITALIZATION OR CLINIC VISITS *(show illness or injury for which you had an examination or treatment.)*

TYPE OF TREATMENT OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)

If you have been in other hospitals or clinics for your illness or injury, list the names, addresses, patient or clinic numbers, dates and reasons for hospitalization or clinic visits in Part VI.

7. Have you been seen by other agencies for your disabling condition? (VA, Workmen's Compensation, Vocational Rehabilitation, Welfare, etc.) ☐ YES ☐ NO

(If "yes," show the following:)

NAME OF AGENCY

ADDRESS

YOUR CLAIM NUMBER

DATE OF VISITS

TYPE OF TREATMENT, EXAMINATION OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)

If more space is needed, list the other agencies, their addresses, your claim numbers, dates, and treatment received in Part VI.

8. Have you had any of the following tests in the last year?

TEST	CHECK APPROPRIATE BLOCK OR BLOCKS	IF "YES" SHOW	
		WHERE DONE	WHEN DONE
Electrocardiogram	☐ YES ☐ NO		
Chest X-Ray	☐ YES ☐ NO		
Other X-Ray (name body part here)	☐ YES ☐ NO		
Breathing Tests	☐ YES ☐ NO		
Blood Tests	☐ YES ☐ NO		
Other (Specify)	☐ YES ☐ NO		

9. If you have a medicaid card, what is your number (some hospitals and clinics file your records by your medicaid number.)

PART III — INFORMATION ABOUT YOUR ACTIVITIES

10. Has your doctor told you to cut back or limit your activities in any way? ☐ YES ☐ NO
If "yes", give the name of the doctor below and tell what he or she told you about cutting back or limiting your activities.

11. Describe your daily activities in the following areas and state what and how much you do of each and how often you do it:

- **Household maintenance** (including cooking, cleaning, shopping, and odd jobs around the house as well as any other similar activities):

- **Recreational activities and hobbies** (hunting, fishing, bowling, hiking, musical instruments, etc.):

- **Social contacts** (visits with friends, relatives, neighbors):

- **Other** (drive car, motorcycle, ride bus, etc.)

PART IV — INFORMATION ABOUT YOUR EDUCATION

12 What is the highest grade of school that you completed and when?

13 Have you gone to trade or vocational school or had any type of special training? If yes, show: ☐ YES ☐ NO

- The type of trade or vocational school or training
- Approximate dates you attended
- How this schooling or training was used in any work you did

PART V — INFORMATION ABOUT THE WORK YOU DID

14 List all jobs you have had in the last 15 years before you stopped working, beginning with your usual job. Normally, this will be the kind of work you did the longest. (If you have a 6th grade education or less AND did only heavy unskilled labor for 35 years or more, list all of the jobs you have had since you began to work. If you need more space, use Part VI.)

JOB TITLE (Be sure to begin with your usual job)	TYPE OF BUSINESS	DATES WORKED (Month and Year)		DAYS PER WEEK	RATE OF PA (Per hou day, wee month or yea
		FROM	TO		

15A Provide the following information for your usual job shown in item 14, line 1.

In your job did you:
- Use machines, tools, or equipment of any kind? ☐ Yes ☐ No
- Use technical knowledge or skills? ☐ Yes ☐ No
- Do any writing, complete reports, or perform similar duties? ☐ Yes ☐ No
- Have supervisory responsibilities? ☐ Yes ☐ No

15B Describe your basic duties (explain what you did and how you did it) below. Also, explain all "Yes" answers by giving a FULL DESCRIPTION of: the types of machines, tools, or equipment you used and the exact operation you performed; the technical knowledge or skills involved; the type of writing you did, and the nature of any reports; and the number of people you supervised and the extent of your supervision.

15C Describe the kind and amount of physical activity this job involved during typical day in terms of:

- **Walking** (circle the number of hours a day spent walking) — 0 1 2 3 4 5 6 7 8
- **Standing** (circle the number of hours a day spent standing) — 0 1 2 3 4 5 6 7 8
- **Sitting** (circle the number of hours a day spent sitting) — 0 1 2 3 4 5 6 7 8
- **Bending** (circle how often a day you had to bend) — Never Occasionally Frequently Constantly
- **Reaching** (circle how often a day you had to reach) — Never Occasionally Frequently Constantly
- **Lifting and Carrying**: Describe below what was lifted, and how far it was carried. Check heaviest weight lifted and weight frequently lifted and/or carried.

HEAVIEST WEIGHT LIFTED	WEIGHT FREQUENTLY LIFTED/CARRIED
☐ 10 lbs ☐ 20 lbs ☐ 50 lbs ☐ 100 lbs ☐ Over 100 lbs	☐ Up to 10 lbs ☐ Up to 25 lbs ☐ Up to 50 lbs ☐ Over 50 lbs

PART VI — REMARKS

Use this section for additional space to answer any previous questions. Also use this space to give any additional information that you think will be helpful in making a decision in your disability claim. (such as information about other illnesses or injuries not shown in Parts I and II.) Please refer to the previous items by number.

Knowing that anyone making a false statement or representation of a material fact for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal law, I certify that the above statements are true.

NAME (Signature of claimant or person filing on the claimant's behalf)

SIGN HERE ▶ DATE

Witnesses are required ONLY if this statement has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the person making the statement must sign below, giving their full addresses.

1. Signature of Witness	2. Signature of Witness
Address (Number and street, city, state, and ZIP code)	Address (Number and street, city, state, and ZIP code)

PART VII — FOR SSA USE ONLY - DO NOT WRITE BELOW THIS LINE

NAME OF CLAIMANT	SOCIAL SECURITY NUMBER ___ ___ ___/___ ___/___ ___ ___ ___

16 Check any of the following categories which apply to this case

PRESUMPTIVE DISABILITY CONSIDERATION
(If any of these boxes are checked, DO's (and DDS's) should be alert to the possibility of a presumptive disability determination in SSI claims per DI 00404 210 and DI 00401 435

A ☐ Amputation of two limbs

B ☐ Amputation of a leg at the hip

C ☐ Allegation of total deafness

D ☐ Allegation of total blindness

E ☐ Allegation of bed confinement or immobility without a wheelchair, walker or crutches allegedly due to a longstanding condition — exclude recent accident and recent surgery

F ☐ Allegation of a stroke (cerebral vascular accident) more than 3 months in the past and continued marked difficulty in walking or using a hand or arm

G ☐ Allegation of cerebral palsy, muscular dystrophy or muscular atrophy and marked difficulty in walking (e.g. use of braces), speaking or coordination of the hands or arms

H ☐ Allegation of diabetes with amputation of a foot

I ☐ Allegation of Down's Syndrome (Mongolism)

J ☐ An applicant filing on behalf of another individual alleges severe mental deficiency for claimant who is at least 7 years of age. The applicant alleges that the individual attends (or attended) a special school, or special classes in school, because of his mental deficiency, or is unable to attend any type of school (or if beyond school age was unable to attend), and requires care and supervision of routine daily activities

K. ☐ Allegation of renal disease requiring dialysis on a regularly scheduled basis

L ☐ Allegation of Acquired Immune Deficiency Syndrome (AIDS)

17A. Does the claimant speak English? .... ☐ Yes ☐ No
If "no," what language does he speak?

17B. Does the claimant need assistance in prosecuting his or her claim? .... ☐ Yes ☐ No
If "yes," show name, address, relationship, and telephone number of an interested party willing to assist the claimant.

NAME	ADDRESS	RELATIONSHIP	TELEPHONE NUMBER (area code)

17C. Can the claimant (or his representative) be readily reached by telephone with no communication problems due to language, speech or hearing difficulties? *If "no", DO should complete SSA-3369-F6* ☐ Yes ☐ No

18A. Check each item to indicate if any difficulty was observed:

Reading	☐ Yes	☐ No	Using Hands	☐ Yes	☐ No
Writing	☐ Yes	☐ No	Breathing	☐ Yes	☐ No
Answering	☐ Yes	☐ No	Seeing	☐ Yes	☐ No
Hearing	☐ Yes	☐ No	Walking	☐ Yes	☐ No
Sitting	☐ Yes	☐ No			
Understanding	☐ Yes	☐ No	Other (Specify):		

18B. If any of the above items were checked "yes," describe the exact difficulty involved.

18C. Describe the claimant fully (e.g., general build, height, weight, behavior, any difficulties that add to or supplement those noted above, etc.)

19. Medical Development — Initiated by District or Branch Office

SOURCE	DATE REQUESTED	DATE(S) OF FOLLOW-UP	CAPABILITY DEVELOPMENT REQUESTED

20. DO or BO curtailed completion of Parts III - V per DI 00403.105 (DI 00401.065). ☐ YES ☐ NO

21. Is capability development by the DDS necessary? ☐ YES ☐ NO
If "yes", show "DDS capability development needed" in item 11 of the SSA-831-U5

22. Is development of work activity necessary? .... ☐ YES ☐ NO
If "yes", is an SSA-820-F4 or SSA-821-F4 .... ☐ Pending ☐ In File

23. SSA-3368-F8 taken by:
☐ Personal Interview ☐ Telephone ☐ Mail

24. Form supplemented: ☐ Yes ☐ No
If "yes" by:
☐ Personal Interview ☐ Telephone ☐ Mail

SIGNATURE OF DO OR BO INTERVIEWER OR REVIEWER	TITLE	DATE

Form SSA-3368-F8 (7-85)

*U.S. GOVERNMENT PRINTING OFFICE: 1986-491-372:40003

Form Approved
OMB No. 0960-0059

WORK ACTIVITY REPORT—EMPLOYEE

Name of disabled person	☐ Blind ☐ Not Blind	Social Security No.

Name and Social Security Number of wage earner (If other than disabled person)

PRIVACY ACT NOTICE

The information requested on this form is authorized by section 223 and section 1633 of the Social Security Act. The information provided will be used in making a decision on your claim. While completion of this form is voluntary, failure to provide all or part of the requested information could prevent an accurate and timely decision on your claim and could result in the loss of benefits. Information you furnish on this form may be disclosed by the Social Security Administration to another person or governmental agency only with respect to Social Security programs and to comply with federal laws requiring the exchange of information between Social Security and another agency.

	TO BE COMPLETED BY SSA
Please use this form to describe your work activity since (Date disability began or, if later, date of prior investigation) →	1. Date

ANSWER EACH QUESTION AS FULLY AS POSSIBLE

2. Employment Identification (Show last employer first)

A	1. Employer's name	2. Employer's address	3. Employer's telephone No	
	4. Title or name of your job	5. Rate of Pay Starting Salary ______ Per ______ Ending Salary ______ Per ______	6. Days worked per week	7. No. of hours worked per day
	8. Work began (Mo., day, year)	9. Work ended (Mo., day, year)	10. If ended give reason	
B	1. Employer's name	2. Employer's address	3. Employer's telephone No	
	4. Title or name of your job	5. Rate of Pay Starting Salary ______ Per ______ Ending Salary ______ Per ______	6. Days worked per week	7. No. of hours worked per day
	8. Work began (Mo., day, year)	9. Work ended (Mo., day, year)	10. If ended give reason	
C	1. Employer's name	2. Employer's address	3. Employer's telephone No.	
	4. Title or name of your job	5. Rate of Pay Starting Salary ______ Per ______ Ending Salary ______ Per ______	6. Days worked per week	7. No. of hours worked per day
	8. Work began (Mo., day, year)	9. Work ended (Mo., day, year)	10. If ended give reason	

3. List any months in which you earned more than $75.00 after the date you filed your claim or the date shown in item 1.

4. Other earnings

Do (did) your earnings include any other payment such as tips, bonus, child care, sick or vacation pay, free meals, room or transportation? ☐ Yes ☐ No

If yes, identify the employer(s) and what you were given and estimate the dollar value and how frequently received.

5. If either statement below applies to all jobs shown in item 2, please check.

a. I worked 3 months or less and stopped because of my injury or illness. ☐

b. I continued or returned to work for the same amount or more money and my duties and my work hours are the same as before my injury or illness. ☐

If you checked either of the blocks in item 5, skip to item 11 on page 3, then sign and date this form at the bottom of page 3. If neither block was checked, answer all following questions.

6. Special employment situation

Are or were you employed by a friend or relative or through a special training or rehabilitation program? ☐ Yes ☐ No

If yes, please explain how and why you were hired. ____________________

7. Job Requirements

Are (were) your job duties different from those of other workers with the same job title?

a.	Shorter hours	☐ Yes	☐ No
b.	Different pay scale	☐ Yes	☐ No
c.	Fewer or easier duties	☐ Yes	☐ No
d.	Extra help given	☐ Yes	☐ No
e.	Lower production	☐ Yes	☐ No
f.	Lower quality	☐ Yes	☐ No
g.	Other differences (e.g., frequent absences)	☐ Yes	☐ No

8. Explanations of job requirements
Describe all yes answers in item 7. Identify the employer(s) for each yes answer (2A, B, and/or C).

9. Special expenses
Describe any special expenses related to your illness or injury that you paid which are necessary for you to work (for example, attendant care, medical devices, equipment, prostheses or similar items or services).

10. Use this section for additional space to answer any previous questions and to give any additional information you think will be helpful. Please refer to the previous questions by number, such as 4 (other earnings), 7 (job requirements).

If more space is needed, use an extra sheet.

11. Check the appropriate block below:

☐ I am not receiving Social Security and/or Supplemental Security income disability benefits.

☐ I am receiving Social Security and/or Supplemental Security income disability benefits, and I understand that the information provided above may result in my benefits being stopped. I have been given the opportunity to submit any evidence I wanted and to make any statements concerning my claim.

Please read the following statement then sign and date, provide address and telephone number.

Knowing that anyone who makes a false statement or misrepresentation of a material fact for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal law, I affirm that the answers to questions on this form are true.

A. Signature of claimant/beneficiary or representative	B. Date	C. Telephone no. & area code

D. Mailing address (Number and street, apt. no., p.o. box, or rural route.)

E. City and state	F. Zip code	G. County

12. A. Contact made

☐ In Person ☐ By Mail ☐ By Telephone

B. Completed by

☐ Claimant ☐ SSA Representative ☐ Other

If other, show name, address, phone number, and relationship.

13. Interviewer/Reviewer Check List ("Yes" answers should be developed in accordance with DI 00503 FF. Rationalize "Yes" or "No" answers below except when it is necessary to complete the SSA-831-U5, SSA-832-U5 or SSA-833-U5) Check all that apply

a. Subsidy (specific or non-specific) ☐ Yes ☐ No

b. Special considerations, situations, or assistance ☐ Yes ☐ No

c. Impairment-related work expenses ☐ Yes ☐ No

d. Mentally handicapped individual performs simple task subject to close supervision ☐ Yes ☐ No

e. Unsuccessful work attempt (CDR-no medical issue - DO jurisdiction for a final determination) ☐ Yes ☐ No

f. Unsuccessful work attempt (DO recommendation only - DDS jurisdiction for a final determination) ☐ Yes ☐ No

g. Substantial gainful activity ☐ Yes ☐ No

h. Trial work period (reminder item) ☐ Yes ☐ No

Note: If work continues and is determined to be substantial gainful activity and no medical issue exists, prepare the appropriate final determination (SSA-831-U5, SSA-832-U5 or SSA-833-U5) rationalizing the work issue. Keep in mind that preparation of the SSA-831-U5, SSA-832-U5 or the SSA-833-U5 would not be appropriate if there is a possibility of a closed period of disability, a trial work period or an unsuccessful work attempt.

RATIONALE:

14. Remarks

15. Signature and title of SSA interviewer or reviewer	16. DO code	17. Date

DEPARTMENT OF HEALTH & HUMAN SERVICES Social Security Administration

Refer to:

Memorandum

Date: January 6, 1987

From: Dorcas R. Hardy Dorcas R Hardy
Commissioner of Social Security

Subject: Moratorium on POMS

To: Senior Staff

We have established an objective for FY 1987 to streamline and significantly reduce the more than 40,000 pages of guidance that currently constitutes the POMS. In my visits to field offices I frequently have been encouraged to pursue this effort, and I have heard suggestions for improving the usefulness of POMS. To demonstrate my commitment to this effort, to provide the opportunity for all interested staff to contribute their suggestions and to provide the time and resources to seriously evaluate the structure of the POMS, I am imposing a moratorium on the development, issuance and distribution of any POMS transmittals for at least 60 days.

Staff currently involved with POMS related work will direct their time and effort to the larger issues of how we can streamline, restructure and improve the POMS. I expect each Deputy Commissioner to provide a summary of the suggestions and proposals considered by their staff as well as the Deputy's recommendations for change. I am also inviting all staff in the field and headquarters to provide their ideas and suggestions directly to me, anonymously if they choose. Correspondence can be directed to me at either of the following addresses: Room 930 Altmeyer Building, 6401 Security Boulevard, Woodlawn, Maryland 21235 or 200 Independence Avenue, SW, Suite 613-D Hubert Humphrey Building, Washington, D.C. 20201.

The moratorium will be in effect as of January 9 and will extend at least through March 9. If a special need for a POMS issuance occurs during this time, I will consider and approve exceptions.

The policies and procedures guiding our work need to be clear, concise, easy to use, accessible, and accurate if we are to provide the high quality, responsive and error-free service to the public that we all share as a goal. I am seeking the creative energy of you and your staff to improve the way in which we write, compile, produce, and distribute our policies and procedures. It is quite a challenge, but it is one we need to confront and resolve now.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Social Security Administration

Refer to:

Memorandum

Date:

From: Enid A. Borden
Deputy Commissioner
for Policy and External Affairs

Subject: Implementation of the Moratorium on POMS--ACTION

To: All Deputy Commissioners

Reply Requested By: February 13, 1987

Recently, Commissioner Hardy extended the general moratorium on the processing and issuance of POMS instructions. The moratorium, which was scheduled to end on March 9, 1987, will now last at least through May 15, 1987. Its scope has also been expanded to include new or revised forms which are operationally essential.

One of the reasons the Commissioner has included forms in the moratorium is that we are currently faced with severe budget limitations. In order to utilize the available funds in a manner most appropriate to the needs of the Agency as a whole, all requests for exceptions to the moratorium (instructions and/or forms) must be in priority order. Those forms and instructions deemed to be the most urgent must then be submitted by the appropriate Deputy Commissioner through my office to the Commissioner for approval on a case-by-case basis.

To facilitate the priority process, we are returning to the appropriate Deputy those exception requests previously submitted to the Office of Policy (OP). We are also providing a copy of the exception request inventory prepared by OP. Each Deputy should follow the guidelines included at Tab A. Please note that the guidelines require you not only to identify forms associated with critical instructions, but also any other essential forms that may be required during the moratorium.

The instructions inventory and essential forms list should be submitted to me by the above-indicated date. Each Deputy should also designate a representative who will assist my staff in preparing an Agency-wide priority list. The designated representatives will be contacted and advised of the date of the meeting.

If there is a critical need to release an instruction or a form before we have completed the process to determine priority, it should be submitted to me by the appropriate Deputy Commissioner for consideration. Regional Commissioners should submit exception requests (relating to instructions and/or forms) to the Deputy Commissioner for Operations. A copy of the Region's request should also be directed to the Associate Commissioner responsible for the program area (e.g., title II non-disability instructions to the Associate Commissioner for Retirement and Survivors Insurance). The program component will advise the Deputy Commissioner for Operations of the urgency of the exception request before he submits it to me.

The information you provide will be used to refine our budget projections. Once we have received your list of priorities, we will work with the Deputy Commissioner for Management and Assessment to determine what additional funds can be made available for printing.

Questions regarding the moratorium or any of the instructions contained in this memorandum should be directed to Larry Massanari at extension 48982 or Michael Johnson at 74882.

Tab A - Determining the Priority of POMS Instructions

Tab A

Determining the Priority of POMS Instructions

Reviewing the Instructions Exception Inventory

Those Deputy Commissioners who previously identified certain POMS transmittals as "critical" and requested exceptions to the moratorium should review the attached inventory to make certain that all items were properly identified. The inventory is included as Attachment 1 to these guidelines. If additional items must be included because the moratorium has been extended, they should be identified and added. A "Request for Exception to Moratorium" * form (Attachment 2) must be completed and submitted to the Office of Policy for each addition to the inventory.

*Note - Deputies who previously submitted exception request forms should note that the form has been modified to capture additional information which was not required in the original version. Specifically, the form has been revised to capture information on expected workyear savings, program dollar savings, etc.

Those Deputy Commissioners who did not previously submit exception requests, but who have now determined there is a need to release certain critical instructions, should submit an exception request form for each item. The requests must be placed in priority order. (In determining the priority order, the Deputy may want to use the methodology indicated below.)

In either circumstance, all critical instructions exception requests should be annotated if there is a need to prepare a new or revised form(s) with the transmittal. For budgetary purposes, it is also necessary to describe any characteristics of the form that will affect its cost (i.e., number of pages, multi-part forms, carbons or NCR paper, expected distribution, etc.). The exception request form included at Attachment 2 has also been revised to capture this information.

Determining Instructions Priority

The methodoloy described in this section will be used to determine the Agency-wide priority for all instructions. The Deputies may also want to use this methodology in determining their individual priorities.

The first action is to identify all instructions that are the direct result of a court order. These instructions are limited to those items that, if not produced and released during the moratorium period, may result in the issuance of a contempt citation by the court. All such instructions are automatically deemed a priority item, although a case-by-case review and approval of the Commissioner is still required when the instructions are prepared in final.

REQUESTS FOR PRINTING MORATORIUM EXCEPTIONS

OS

	TITLE	TYPE	PAGES	DATE NEEDED	ACT	REF	RATIONALE	DETAILED EXPLANATION
1.	ENUMERATION OF DEPENDENTS	POMS	16	00/00/00	F		LEGISLATION	TAX REFORM ACT/SSN'S FOR DEPENDENTS
2.	SSA/IRS RECONCILIATION	POMS	20	00/00/00	F		OTHER	HOW TO RESPOND TO ERS RE WAGE RECON
3.	WORK COMP MATCH/NEW FORM	POMS	20	00/00/00	F		SYS CHANGE	FUNCT REQ 53311
4.	AUTO EARNGS REAPPRAISAL OPERS(AERO)	POMS	28	00/00/00	F	SM04610	SYS CHANGE	PRGRM CHANGES FOR '85 AERO RUN
5.	LOCKBOX	POMS	32	00/00/00	F		SYS CHANGE	ADP 1799
6	AUTOMATED CDR	POMS	48	00/00/00	I		LEGISLATION	PL 96-265
7	FURNISHING EARNINGS INFORMATION	POMS	160	00/00/00	F	RM01401	LEGISLATION	OMNIBUS RECON ACT '81/PL97-35
8.	EARNINGS DISAGREEMENTS/DISCREPANCIES	POMS	180	00/00/00	I		OTHER	DCRO REQUEST
9	NATIONAL DEBT MGT SYS	POMS	1200	00/00/00	F		SYS CHANGE	ADP 1451
10	SCANNER MICROFILM CONTROL/SSA-2403-OCR	OTHER	2	01/20/87	F		SYS CHANGE	MICROFILM/SCAN AWR DATA
11	ANNUAL WAGE RPT'G (AWR) RM 031 TY '86	POMS	126	01/20/87	F	RM031	LEGISLATION	OMNIBUS RECON ACT '86/PL99-272
12	ANNUAL WAGE RPT'G (AWR) RM 018 TY '86	POMS	210	01/20/87	F	RM 018	LEGISLATION	OMNIBUS RECON ACT '86/PL99-272
13	TEXAS VERIFICATION PILOT	POMS	10	01/26/87	F		LEGISLATION	IMM REF ACT
14	AONS-SSI POST ELIG/POST ELIG GEN'L	POMS	127	02/15/87	F	SM08130	SYS CHANGE	AUTOMATED OVERPAYMENT NOTICES
15	AONS-OVERPMTS/UNDERPMTS	POMS	199	02/15/87	F	SMT0131	SYS CHANGE	AUTOMATION OF SSI O/P NOTICES
16	GOVT PENSION OFFSET	POMS	6	03/01/87	F		LEGISLATION	PL 99-272 S 12109
17	LIMIT ON PART A PREMIUM PENALTY	POMS	7	03/01/87	F		LEGISLATION	IMPLEM. NEW SYST. CHANGES/PL 99-272
18	AONS/INFO RETRIEVAL SYST(IRS)PROCEDURES	POMS	18	03/01/87	F	SM08016	OTHER	REVISION OF O/P SEQUENCE DATA-AONS
19	SSI INITIAL CLAIMS INPUT INSTRUCTIONS	POMS	4	03/30/87	F	081005	SYS CHANGE	COMMRS DEC
20	AUTOMATED WINDFALL OFFSET	POMS	28	03/31/87	F	081310	LEGISLATION	ADP 5600 WIND OFF
21	HI SUPP. MEDICAL INSURANCE LEGIS.	POMS	4	04/01/87	F		LEGISLATION	P.L.99-509,SECT.9344
22	RECOUP	POMS	10	04/01/87	F		SYS CHANGE	AUTOMATIC COLLECTN/PSTDUE SMI
24	AUTOMATIC EARNGS REAPPRAISAL OPERS(AERO)	POMS	25	04/01/87	F	SM04605	SYS CHANGE	SYSTEMS CHNGS FOR '85 CYCLICAL WKLD
24	RECORDS,MAINTENANCE;ACCESS MASTER E/F	POMS	41	04/10/87	F	01039	SYS CHANGE	DETAIL EARNGS QRY/NEW STRT QRY FORM
25	SSI COVERAGE	POMS	10	04/15/87	F		LEGISLATION	IMM REF ACT
26	OPTN'L SUPPLEM/FEDR'L LIVING ARRANG "D"	POMS	20	04/15/87	F		LEGISLATION	PL99-272
27	REDEFINITION OF SECT.1619 A,B	POMS	200	04/15/87	F		LEGISLATION	P.L.99-643
28	DAILY UPDATE	POMS	200	05/01/87	F		SYS CHANGE	ADP 5260
29	MANDATED OPTIONAL SUPPLEMENTATION	POMS	15	06/15/87	D	02100	COURT	LIVERMORE CASE
30	THIRD PARTY LIABILITY	POMS	105	06/15/87	I	GN01005	LEGISLATION	COBRA/NEW FORM
31	POSTENTITLEMENT STUDENT CONVERSION SYST	POMS	3	07/01/87	F	0B00604	LEGISLATION	WINDFALL ELIMINATION PROJ./PL98-21
32	SUSPENSION AND LIFE TERMINATION (SALT)	POMS	3	07/01/87	F	00607	LEGISLATION	WINDFALL ELIMIN./NONCOV'RD EMPLMT.
33	SYST & METH/PE/DEATH TERMINATIONS	POMS	3	07/01/87	F	0B00603	LEGISLATION	WINDFALL ELIMIN/PL98-21,SEC.113
34	AONS-OVERPMTS/UNDERPMTS	POMS	15	07/01/87	F	SM01310	SYS CHANGE	RELEASE OF LGE UNDRPMTS BY FO
35	ADDRESS CHANGES/NAME CORRECTION PROCESS	POMS	75	10/01/87	F		SYS CHANGE	ADP PROJ 01778/CHNG OF ADDRESS

TOTAL 33

33 POMS

Av. # of
Pages 90.6

4 IRD's
31 Finals

REQUESTS FOR PRINTING MORATORIUM EXCEPTIONS

OASI

		TITLE	TYPE	PAGES	DATE NEEDED	ACT	REF	RATIONALE	DETAILED EXPLANATION
36	Approved	~~GUADAMUZ ET AL V. HECKLER~~	~~TELETYPE~~	~~8~~	~~11/28/86~~	~~F~~		~~COURT~~	~~IMPLEMENT OF ORDER/GUADAMUZ~~
37		– GEN'L/EVID/CITIZENSHIP/ALIEN/RESIDENCY	PUMS	4	01/01/87	F	0200303	LEGISLATION	FO INSTRUX SSI/T II NMI QUALIFICA.
38		– RECORDS MAINTENANCE/SSN/POLICY/EVIDENCE	PUMS	4	01/01/87	F	0100203	LEGISLATION	ISSUE SSN'S TO NMI'S/COMPACT FREE
39		– CORRESP NOTICES,REF/LTRS & PARA/MADCAP	PUMS	40	01/01/87	F	0200721	SYS CHANGE	NEW/REVISED PARAGRAPHS/MADCAP
		~~WEBB V. RICHARDSON~~	~~TELETYPE~~	~~4~~	[illegible]	~~F~~		~~COURT~~	[illegible] ~~WEBB V. RICHARDSON~~
40	Approved	[illegible]	[illegible]	~~10~~	[illegible]	~~F~~	[illegible]	~~OTHER~~	~~TEXAS PILOT~~ [illegible]
41		• DO DEV OF ER DISC	POMS	6	04/01/87	I	AM03870	LEGISLATION	IMM REF ACT

TOTAL 7	2 TT's 5 PUMS	Av. # of Pages 12.8	1 IRD 6 Finals

* Toni Lenane

– INPSS

Tab 89 1 copy

REGIONAL

SSA PROGRAM CIRCULAR

General Series

[illegible]

JAN 3 0 1987

81706
SSA DISTRICT OFFICE

No. 87-02
ORC-87-04

INSURANCE PROGRAMS BRANCH - DENVER

Date: January 30, 1987

DM ✓ ADM
OA FR's
CR's SR
CRT's RS
FILE ✓ OS

IMMIGRATION ACT IMPLEMENTATION REPORT

Immigration and Naturalization Service will have some 109 legalization centers to take legalization applications from aliens. If the application is in order, the alien will be given temporary residence (INS Form 688) and the application sent on to a regional processing center for final approval (including law enforcement checks) within 90 to 180 days.

Enumeration of Legalization Applications

INS expects up to 1 million aliens to be denied final legalization status. Therefore, they suggested that SSA carefully consider issuing a time-limited Social Security card (i.e., a card with a legend "Not Valid After (Date)" to legalization applicants. INS staff thought it would be possible for them to give SSA a magnetic tape with information regarding which aliens are given legalized status so that a new non-time-limited Social Security Card (with the same number, but without the legend) could be mailed to them.

INS also may be willing to consider certifying the SSN application at the legalization centers if this work would not increase their processing times. They saw some advantages to this over co-location, not the least being the avoidance of problems involving furniture and space. Both agencies agreed to explore the implications of INS certification of SSN applications and SSA issuance of time-limited Social Security cards.

Earnings Discrepancies

Because SSA will have no face-to-face contact with aliens during the enumeration process, we will take no action to initiate earnings discrepancies. This will not eliminate an earnings discrepancy workload altogether; we can still expect the aliens on their own or at the urging of legalization counselors and immigration lawyers to request correction of their records. Aliens making such requests will be treated like any other members of the public who identify problems with their records. We are reassessing the potential workload we can expect from this approach.

DISTRIBUTION: All DOs/BOs/RRs Region VIII

RETENTION: June 1987

In addition, we are:

- --examining ways to tighten our earnings discrepancy development procedures
- --preparing a ruling to permit us maximum flexibility to tighten procedures under existing regulatory language
- --redrafting the earnings discrepancy regulations to emphasize the burden of responsibility on the SSN holder in the correction process
- --exploring the feasibility of legislation to minimize the workload impacts.

Public Information for Employer Sactions

We expect from 3 to 4 million applications for replacement or corrected social security cards in 1987 from jobseekers who will use the cards as evidence under employer sanctions. In its December news item package to 5800 unions, employer groups and other ofganizations, OGA included an article providing general information on immigration reform. It includes references to obtaining replacement SSN cards. OGA is considering release of similar material to about 40 large business organizations such as the U. S. Chamber of Commerce and the National Federation of Independent Businesses for use in their house organs.

Texas Pilot of Telephone SSN Verification

The "Report of New Routine Use" notice required by the Privacy Act has been approved and will be published in the Federal Register following the press conference at which the pilot is announced. The proposed routine use becomes effective 30 days after publication.

Telephone service will be in place on time. Employers in the Dallas area will use local lines to call the SSA facility. Long-distance "800" service for employers in the El Paso and Corpus Christi areas will be installed on January 12, 1987.

JEFF. PARISH
VOTER
AGAINST
THE
WALL!

ASSOCIATED PRESS

Suburban resident, with sign, joins New Orleans protesters near barrier site.

Suburb, Amid Racial Tension, Won't Reconstruct Barricades

Associated Press

NEW ORLEANS, Feb. 23—Officials in a predominantly white suburb dropped their vow to rebuild barricades erected last week on two streets leading to a mostly black New Orleans neighborhood, as the two areas agreed to work to reduce crime.

"It's unfortunate that the racial aspect of it was interjected into the picture. It was never a consideration in Jefferson," said Robert Evans Jr., head of the Jefferson Parish Council, which ordered the barricades built.

He and New Orleans Mayor Sidney Barthelemy met briefly today, then told reporters that law enforcement officials from both parishes will work together to fight robberies and drug traffic.

Barthelemy had said that construction of the wood and steel barricades was illegal and racially motivated. They were torn down Saturday by New Orleans workers, two days after construction began just outside the city limits.

The barriers were dubbed "The Berlin Wall" by some blacks on the New Orleans side.

Evans said the barricades were meant to cut off an escape route for criminals who had victimized the neighborhood.

Orleans Parish Councilwoman Peggy Wilson, whose district includes the neighborhood, was cheered by about 15 blacks and a few whites who were demonstrating near the site of the barricades when she told them the town had backed down.

Wilson said she was told by Barthelemy that Evans decided not to rebuild the barriers after the state highway department said they were illegal.

Composite Sketch
Of Suspect in 12 B

SALT LAKE CITY—Fede
leased a composite sketch yest
who has been sought in a doze
tionwide over the last nine ye
one outside a computer store h

"It now has been determine
an absolute link between this bo
11 other bombings that have o
the country since 1978," an F
said. Twenty-one persons have
one man, a Sacramento, Calif., c
owner, was killed.

The suspect was believed to
and may be a Salt Lake City re
four of the bombs have been t
including three devices sent th
from Utah, Bryant said.

Police said the bomber could
tled academician or computer w
parent targets included univ
ments and professors, and indiv
with computers, airlines and ai
tion, the spokesman said.

Two of the bombings occu
three in Illinois, three in Cali
Michigan, one in Auburn, Wash.
ville and one on a plane flight fr
Washington in 1979, authorities

Authorities said the suspect is
feet 10 inches to 6 feet tall and
sun-bleached hair and a reddish

Weather Satellite Launc

■ CAPE CANAVERAL, Fla.—
a $55 million weather satellite
one destroyed May 3 in a laun
delayed until Wednesday becaus
in its Delta rocket.

The Geostationary Operatio

Yes . . . We Still Make
HOUSE CALLS
Call the
SALVATION
ARMY
In Northern Virginia

SMF-11

[illegible] FM-4

TO: Mr. Paul Tracy
Division of Benefit Continuity

SUBJECT: Folderless Waiver Process and Proposal for Verification of Certain Allegations of Income, Assets, and Expenses in Waiver Decisions--INFORMATION

The Office of Financial Resources (OFR) has reviewed the attached plan for the folderless waiver process and the proposal for verification of certain allegations of income, assets and the expenses in the waiver decision process. The estimated administrative savings would be approximately 226 workyears annually. OFR developed the cost estimates based on the process and assumptions provided to us by the Office of Retirement and Survivors Insurance.

If your staff have any questions, they should call Elnora Wardlow on extension 45567.

Sherwin T. Montell

Attachments

SMF-11:EWardlow:[illegible] 4/24/83
(CCB:DAB-13-[illegible]

Folderless Waiver Process and Verification of Certain Allegations of Income, Assets, and Expenses in Waiver Decisions

Current Procedure

DO

--Assists debtor in completing Overpayment Recovery Questionnaire (SSA-632-F-4).

--Advises debtor of additional evidence and required verification needed to make a decision on its waiver request.

--Explains waiver decision will be based on the evidence presented and information contained in folder.

--Inputs stop recovery action to ROAR.

--Informs debtors that he/she will be notified of the decision and a personal conference will be scheduled if the waiver request is denied.

--Receives from PSC the debtor's folder and PSC worksheet if the waiver request is denied.

--Reviews information received from PSC.

--Contacts debtor to schedule a folder review and a personal conference.

--Holds scheduled folder review session and/or personal conference.

--Prepares determination (SSA-553) based on personal conference.

--Sends folder and determination back to PSC for review and effectuation of decisions.

--Eighty-five percent of the title II waiver request volume is subject to income, resources, and expense verification.

OPSC

--Reviews waiver request, evidence submitted by debtor, verification data provided by DO and folder.

--Recommends waiver approval or denial.

--Notifies debtor if waiver is approved and effectuates the decision.

--Prepares overpayment worksheet and send worksheet and folder to DO to schedule personal conference if waiver is denied.

--Reviews personal conference procedures, DO determination, and letter prepared by DO.

--Return to DO for review if it disagrees with decision, procedure used or letter content.

--Release letter to debtor of waiver decision and effectuate decision.

--Input decision into ROAR.

Assumptions

DO

--Implementation date has not yet been established.

--All RSI waiver decisions will be processed in the DO without a folder.

--DI cases will continue to be processed under current procedures.

--Assumes initial interview and personal conference are done at the same time.

--Assumes DO will be able to make decision based on information obtained from the PHUS and MBR (PHUS will provide information on what was paid and the MBR will provide information on what should have been paid).

--All title II waivers except (approximately 1.4 percent) those which appear that the person will be found at fault. The OA National Waiver Study indicated that these items are most often subject to misrepresentation by the waiver applicant. This 98.6 percent of the cases will be verified as opposed to the current procedure of requiring verification of only 85 percent of the cases.

PSC

--Assumes PSC's will no longer review and make a determination on RSI waiver requests.

--Assumes worksheets will no longer have to be prepared when a waiver request is denied.

--Assumes a review of the personal conference procedure, DO determination, and letter prepared by DO will no longer require a review.

--Assumes DO will have to contact PSC in 16 percent of the cases for additional information i.e., dates of due process notice because the information can only be obtained through reviewing the folder.

Volumes

--Approximately 90,000 RSI waivers were processed in FY 1984.

--Assumes 81,900 RSI waivers in FY 1985 and thereafter because overpayments and a corresponding volume of waivers are reduced as a result the AET process which prevents overpayments to certain beneficiaries and the revised enforcement process which adopted a $50 overpayment tolerance effective August 1, 1984.

--Assumes 5,300 additional title II cases will need income, resource, and expense development by the DO.

--Assumes DO will have to contact PSC for additional information in 16 percent of the cases (13,100).

Unit Times

--Estimated unit times were established based upon discussions with OCO, OMPA, and DMS.

PSC - 165 minutes to process waiver
- 15 minutes to respond to DO requests for additional information

DO - Average time to hold a personal conference is 126 minutes. The estimate assumes under the proposed one-step process the time spent on preparing and holding this second interview will be eliminated.

- 35 minutes additional DO time to make the waiver decision.

- 45 minutes for additional cases which will require income, resource, and expense development.

	Volume	Unit Time	Total WY's
DO			
Elimination of Personal Conference on Waivers Denied	30,300	126 min	-62
Folderless Waiver decision	81,900	35 min	+47
Additional Developments	5,300	45 min	+4
Total			-11
OPSC			
Elimination of Processing of Waivers	81,900	165 min	-220
DO Contact to PSC for Additional Verification	13,100	15 min	+5
Total			-215

Chairman **Jacobs**. Mr. Archer.

Mr. **Archer**. Thank you to all of you for making your appearance before our committee and making your input. It is very helpful. No questions, Mr. Chairman.

Chairman **Jacobs**. The committee is grateful to the witnesses.

Have you a copy of the memorandum that instructs employees not to tell citizens of their rights or applicant of their rights?

Ms. **Sweeney**. I have submitted them all to the subcommittee.

Chairman **Jacobs**. Is that in?

Ms. **Sweeney**. Yes.

Chairman **Jacobs**. Okay. Thank you.

Dr. Flemming, always a pleasure. Thank you all for testifying. This concludes the hearing.

[Whereupon, at 12:30 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

STATEMENT OF WENDY HUNGERFORD, VICE PRESIDENT, LOCAL 1923, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO .

On March 25, 1987, I was asked by Myra Lars, Deputy Director of the Office of Disability Operations (ODO), to meet with Murrel Taylor, Director of the Division of Operational Services (DOS). The purpose of this meeting was for me to find out the duties necessary to perform the mail clerk position and determine if a severely handicapped employee, which I was representing, could do the job. Mail clerks are responsible for mailing out Beneficiary Notices. When I entered the DOS division office, Murrel Taylor, two other DOS managers, and a technical assistant were involved in a meeting. I offered to wait outside of the office, and I was told that that was not necessary. The meeting concerned workflow in DOS. I was informed that the meeting was to decide what to do with the 127,000 Beneficiary Notices that were sitting in DOS. The decision was made to offer overtime on Friday night, March 27, 1987, and Saturday, March 28, 1987. In addition, all personnel in DOS would be assigned to outgoing mail for 2 days, and detailees would be brought in from other areas in ODO. During the meeting, it was stated that the backlog of Notices had been brought to the attention of Joseph Muffolett, Director, ODO, Myra Lars, and Edward Podhajsky in December 1986. I asked Murrel Taylor how long the Notices were sitting in DOS. The reply was "we have had a massive backlog since November 1986." I asked what plans, if any, Joseph Muffolett had to correct the problem. Murrel Taylor told me that ODO did not have the power nor the proper machinery to get the Notices out to the beneficiaries.

When the meeting concluded, I was escorted by the two managers and a technical assistant to observe the entire process of how Beneficiary Notices arrive in DOS: they are reviewed, enclosures are attached, they are folded, and they are put in envelopes and taken to the Machine Room to be mailed out.

The first location was 1-J-27 Dickinson Building. This location contained six large tubs overflowing with Notices that had to be screened and separated into categories. I asked the managers if that was a normal workflow because there were only two employees assigned to take care of the six tubs. The reply was, "You haven't seen anything yet. You think this is bad, wait until you see the next process." While I was standing there, two bargaining unit employees, who I have never met before, came up to me and asked me how long it would be before the Union would do something. They also asked when more people would be hired to help them. These employees were very upset. One employee stated to me, "Dorcas Hardy says the staffing cuts will not hurt our operation, but we don't have enough employees to get the letters to the beneficiaries. What do you think we are supposed to do?"

I was then escorted to the following locations, 1-E-27, 1-D-32, and 1-C-32 Dickinson Building, ODO. Upon entering these locations, I was shocked. Along the wall of 1-C-32 were tables with Outgoing Beneficiary Notices stacked about 5 feet high. The manager said, "Now you know why we need overtime." I asked if this was the 127,000 Beneficiary Notices that the Division Director, Murrel Taylor, was referring to, and the reply was, "That is some of the backlog." I asked approximately how many letters were on the tables, and the manager stated 150,000. I asked how they knew the amount, and the reply was, "Read the sheet on the top of one packet and add them all together."

Then I was escorted into the 1-C-32, and there was five rows of employees sitting at desks with stacks of Notices in front of them. I asked the manager how many stacks ONE employee can do in an 8-hour day, and the reply was, "It depends on the employee." I walked over to a stack of Beneficiary Notices and lifted up the top sheet. The date on this Beneficiary Notice was February 18, 1987.

I was then escorted to 1-C-25, which is the Machine Room. In this room (1-C-25) were stacks and stacks of computer letters waiting to be folded, put into envelopes, and sent through the machine. I asked the manager approximately how many letters there were, and the reply was, "I really don't know, the letters are lying around everywhere." I got ready to leave when two employees followed me out in the hallway. These employees stated, "You haven't seen it all yet." These two employees told me to walk into 1-J-21 on the first floor of the Dickinson Building. I told them that I would. I walked down to 1-J-32 (which is generally a training room). I saw large brown boxes of letters. There were also tubs of Notices ready to be sent to the beneficiaries. These letters all had to be screened, put into categories, enclosures associated with each letter folded, and put into envelopes. I returned to Myra Lars to discuss the handicapped employee I was representing. After our discussion over this employee, I asked Myra Lars what she had planned to do with the extreme backlog of Outgoing Beneficiary Notices. The reply was that she was aware of the problem but had no idea what to do except to HOPE for overtime.

I returned to the Union office and received a message to call Ed Pearson. I asked who Ed Pearson was, and I was told that he worked for the Government Accounting Office (GAO) and that he would be interested in the problem. I called Ed Pearson, and he agreed to come over to ODO and investigate the problem with the Notices.

On March 27, 1987, I called Ed Pearson to see if he did an investigation. Ed Pearson stated that he called ODO, but management could not meet with him. Ed Pearson stated he asked an ODO management official if they had 127,000 Beneficiary Notices UNMAILED, and he stated that management, "...did not deny the fact."

On April 1, 1987, an employee in DOS reported to me that there were four large brown boxes taken into 1-J-32 Dickinson Building that were stacked with Beneficiary Notices. I walked down to see if the report was correct and the door was locked.

Later, I walked down to 1-C-32 to see if the overtime hours granted for March 28, 1987, had reduced the backlog of Notices. There appeared to be a significant decrease. A manager called me and asked me what I wanted. I stated, "it looks like you really got a lot of work done Saturday on overtime." The manager replied, "Yes, we got all the Notices out of here." Then three employees started laughing, and one employee yelled out, "Yeah right. No, we didn't get the letters out. They (meaning management) are playing 'seek and find'." I asked the employee what he meant by that statement, and he replied, "You find the letters and management just moves them to another location or hides them." I then went to 1-C-25 Machine Room, and it appeared that the Notices were sent out. However, on the table were a stack of papers that read "Send to NCC" (National Computer Center) dated April 1, 1987.

On April 2, 1987, an employee called and told me that the majority of Outgoing Beneficiary Notices did not go out to the beneficiaries. ODO sent the letters to NCC (Room G-26 Mailroom) and also the Fourth Floor Distribution Center in the NCC.

On April 3, 1987, Gloria Fennoy, AFGE Vice President assigned to the NCC, called to tell me an ODO branch manager, Carolyn Boyd, was instructing NCC Mailroom employees on the procedure for mailing Beneficiary Notices.

On April 9, 1987, I called the NCC Union office to see if an officer would check and see if the letters went out to the beneficiaries. I was reported by an officer of AFGE Local 1923 that the Mailroom (G-26 NCC) had 12 hours overtime on April 4 and April 5, 1987. It appears only ONE tub of Beneficiary Notices remained to be done.

Later, the officer from NCC reported to me that the division director of the NCC Mailroom had a meeting with his employees. He told the employees that they would be doing Beneficiary Notices from the ODO operations on an ongoing basis and that there would be 8 hours overtime on April 11 and April 12, 1987, Sunday, to mail the ODO Beneficiary Notices.

On April 15, 1987, I walked down to locations 1-C-32 and 1-D-32 first floor Dickinson Building to see if the backlog had decreased or increased. I found that there were approximately 15,000 Beneficiary Notices still sitting.

On April 21, 1987, I walked down to locations 1-C-32 and 1-D-32 and, apparently, the backlog was at a controllable size. However, I walked into the Machine Room (1-C-32 Dickinson Building), and I discovered 60 flat boxes containing approximately 200 Beneficiary Notices in envelopes (equals 12,000 Notices) waiting to be sent out to the beneficiaries. The date on the Notices were April 19, 1987. I walked back to 1-J-21, and there were several trays of Beneficiary Notices dated April 18, 1987, April 19, 1987, and April 21, 1987. These trays were stacked in large push carts, in 3 stacks of 15 trays each, approximately 12 push carts.

An untimely letter has an enormous IMPACT on the beneficiary. A majority of Notices released from ODO contain timeframes. All these letters are already dated 5 days ahead when they leave the individual modular areas.

For example, a benefit authorizer requests the typist to type an Overpayment Notice which includes:

1. the amount of an overpayment to the beneficiary;

2. why the person is overpaid;

3. complete waiver rights;

4. the statement that "If you do not request a waiver or pay the amount within 30 days, we will

   a. withhold your benefits (Stop)

   b. reduce your benefits

5. reconsideration paragraph

If the letter was complete, the letter went out (meaning picked up to go to the Outgoing Mailroom). Then it is the Mailroom's responsibility to get that letter out timely.

I have been employed by SSA since May 19, 1971. For the last 10 years, I served the agency as an ODO Typing Technical Assistant (TA). During my tenure as a TA, one point has always been stressed--Notices must be dated and mailed out timely. A large portion of the Notices contain timeframes (waiver and reconsideration rights). The fact remains that ODO does not have enough manpower to get ODO (Disability Notices) out to the beneficiaries. By this backlog, the agency has created its own backlog in other areas because the dissatisfied beneficiaries are writing in and calling wondering why we have stopped their checks. They never received their explanation timely.

Wendy Hungerford
Wendy Hungerford
April 25, 1987

MAR 27 1987

Local 3448
AMERICAN FEDERATION OF
GOVERNMENT EMPLOYEES
AFFILIATED WITH THE AFL-CIO

1725 Lindenwood Av.
Fort Wayne, In 46808

Date March 25, 1987

To: Andy Jacobs, Jr.
Chairman, Subcommittee on Social Security

From: Audrey Roy
Local Representative
Fort Wayne, Indiana

Subject: Conditions in Social Security Offices

Dear Congressman Jacobs:

I am writing to you to complain about the current and near future staffing loss in our office.

We are currently as short staffed as we can be and still survive. We are losing one CR whose husband is being transferred to Redding,Pa. This CR is a trained, highly competent person with at least ten years of experience. She, however, is unable to get a transfer to an office in the vicinity of Redding,Pa., even though the offices in Pa. could use her. Transfers are just not possible because of Commissioner Hardy's plans to slash SSA staffing.

Because the agency is offering early out retirement, we have already lost our DM (District Manager) who needed at least two more years before meeting age 55 requirement to retire. Now, our regular employees are being offered early out retirement. We could lose three fully trained CRs, one SR(service representative) and one DRT(Data Review Technician). There are three employees who could retire under regular retirement rules. So we could lose nine employees out of a staff of forty. In addition our clerical help is so overworked that most of them are looking for jobs elsewhere.

Even without the loss of three claims representatives, the SSI unit who serve the very poorest are completely backlogged. This unit had always kept up by working overtime. We have no overtime. One CR in the unit told me yesterday that he has six drawers of work. He said he can handle 15 to 20 folders a day, and that is what currently comes into his unit. He cannot do anything about the backlog. What will happen when three SSI claims representatives leave SSA? If Dorcas Hardy is going to fill these positions by staff currently in Baltimore or one of the program centers, how long will it be and what happens to the poor public in the meantime? Claims representatives take about 18 months to become fully productive.

We are scheduled to begin FOSE in December 1987. However, from what we hear from pilot offices, we will need more not less staff to take care of the public at that time. FOSE will not relieve the SSI unit at all. FOSE will not relieve the service representatives who answer the phone. Poor phone service has been a reality here for years. This can be verified by phoning 219-456-4411.

I sincerely hope that you or someone in Congress can do something to remedy those problems beforedisaster hits.

Sincerely yours,

Audrey Roy

Audrey Roy
Local Representative

American Federation of Labor and Congress of Industrial Organizations

815 Sixteenth Street, N.W.
Washington, D.C. 20006
(202) 637-5000

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April 20, 1987

Mr. Andrew Jacobs, Chairman
Sub-Committee on Social Security
B-316 Rayburn Office Building
Washington, D. C. 20515

Dear Mr. Chairman:

The AFL-CIO appreciates the opportunity to present our views to the Sub-committee on Social Security on the impact of staff reductions on the management of the Social Security Administration (SSA).

The AFL-CIO believes that SSA's proposed staff reductions will result in serious deterioration of services to the public. SSA's planned reduction in staff is unjustified and shortsighted in view of a projected 11 percent increase in the number of beneficiaries - from 36 million beneficiaries in 1985 to 40 million by 1990. SSA has attempted to rationalize these cuts by implying that the establishment of SSA's Systems Modernization Plan (SMP) will permit these reductions to be made without worsening of beneficiary services.

Studies of both the General Accounting Office and the Office of Technological Assessment have disputed the claim that the staffing cuts are based on systems improvements. Both found that even if staff reductions were justified, the proposed staffing cuts are in excess of the scheduled systems improvements. Thus, the inevitable result of these cuts would be a reduction in the quality of public service and an adverse impact on beneficiaries.

Moreover, the end result could be an increase in costs. The overpayment error rate is less than half of one percent with current staffing levels. A large personnel reduction is certain to increase this error rate. Since every percentage point increase in this rate costs taxpayers more than $1.8 billion, the administration's proposed savings could be wiped out by an increase in the overpayment error rate.

In one way or another, Social Security affects the lives of almost every American family and retiree. The importance of this program to the nation makes it imperative that high standards of administrative performance be maintained. In order to better accomplish this objective, the AFL-CIO urges the Congress to do the following:

- o Establish a staffing floor to ensure good public service.
- o Provide Congressional oversight of the Systems Modernization Plan (SMP).
- o Make SSA an independent agency.

The last recommendation is particularly important. On the basis of priorities set by the Department of Health and Human Services or the Office of Management and Budget, SSA has been deprived of needed administrative resources. These agencies have forced upon SSA unwise actions which it would not have undertaken if it had been free to pursue a course of action dictated only by the requirements of the Social Security program.

The AFL-CIO urges the Subcommittee to act to prevent the implementation of proposed SSA staff cuts that will undermine the ability of SSA to effectively carry out its mission and to support an independent Social Security Administration so as to improve the operation of the program and to assure public confidence in the integrity of the system.

Sincerely,

Robert M. McGlotten

Robert McGlotten, Director
Department of Legislation

STATEMENT OF THE
ASSOCIATION OF ADMINISTRATIVE LAW JUDGES
BEFORE THE
COMMITTEE ON WAYS AND MEANS
OF THE
HOUSE OF REPRESENTATIVES OF THE UNITED STATES CONGRESS

This statement is submitted in connection with hearings held on April 2, 1987 by the Subcommittee on Social Security. It is the hope of this Association that these proceedings will result in action by this Committee to prevent both a drastic reduction in services to those served by the Social Security Administration, and a deprivation of due process to those same individuals.

The **ASSOCIATION OF ADMINISTRATIVE LAW JUDGES** is a professional organization comprised of a significant number of Administrative Law Judges serving in the component of the Social Security Administration known as the **Office of Hearings and Appeals.** Thus, the arguments presented by this statement represents the view of the members of this Association who serve as judicial officers appointed pursuant to the Administrative Procedure Act contained in Title 5, of the United States Code.

It has long been the position of this Association that services to the public cannot be maintained at a level which provides procedural and substantive due process when there are significant reductions in personnel. We do not believe that the systems modernization program has been sufficiently effective to justify the reductions in all components of the agency.

Looking back historically, the period immediately after the inauguration of President Regan in January 1981 saw hiring freezes accompanied by significant increases in the Social Security work load. By 1982 both the Courts and Congress became concerned that the public was being deprived of due process as a result of the combination of these two factors and the shortcuts which were utilized in order to accomodate for the lack of personnel. Significant pressures were placed upon the adjudicative branch of the agency (the Administrative Law Judges) to increase productivity in order to keep pace with the ever increasing backlog.

In June 1983, Senators Levin and Cohen became so concerned with the increasing pressure for productivity that hearings were held by the Senate Subcommittee on Oversight of Government Management of the Committee on Governmental Affairs. Their report, issued September 16, 1983 found that:

> "SSA is pressuring its ALJ´s to reduce the rate at which they allow disabled persons to participate in or continue to participate in the Social Security disability program.
>
> ...
>
> The Subcommittee also finds that the SSA is imposing this pressure through several means including the inequitable and unjustified targeting of only allowance decisions and high allowance judges for review pursuant to an amendment sponsored by Senator Henry Bellmon and passed in 1980 (Bellmon Review), **and the use of minimun production quotas and productivity goals.**
> (emphasis added)

The committee recommended that the Bellmon Review be immediately discontinued, that SSA immediately stop all managerial and administrative and policy related activity directly or indirectly aimed at influencing the ALJ´s allowance rates, and that the Judiciary Committees of both the House and Senate review the propriety and legality of the SSA´s actions regarding ALJ productivity. To date none of these recommendations have come to pass.

It is important to keep in mind the recommendations of the Cohen and Levin Report as their committee's findings bear directly on the current situation.

In the component of SSA known as OHA (the Office of Hearings and Appeals) Commissioner Hardy, through her recently appointed Associate Commissioner for the Office of Hearings and Appeals has made increased productivity the focus of her efforts. Throughought the nation, Regional Chief Administrative Law Judges have circulated written memoranda directing the Judges to produce more decisions with less clerical help (examples are submitted as exhibits). Judges have been directed to produce a minimum of 35 decisions per Judge per month, irrespective of staffing difficulties. In the hearing office to which this writer is assigned the months of February and March saw typing backlogs of over 100 cases (in an eight Judge office) yet we were being directed to "produce more".

In his effort to comply with the directives of Commissioner Bradley, the Regional Chief Judge of Region II directed one hearing office to reduce the usage of medical advisors and vocational experts in the disability hearings as this would decrease processing time and increase productivity. In his words **"The HO Chief Judge must address this issue and implement procedures for reducing the office's overall MA/VE usage. In effect, this will increase the office's overall productivity by reducing the time needed per disposition per ALJ."** (see Memorandum and its attachment of L. Charles Leonard, RCALJ, dated March 10, 1987). The fact that this policy is a direct intrusion into the decisional independence of the Judge as provided for by the Administrative Procedure Act is totally ignored. The fact that this direction violates decisions of the Courts of Appeal in all the circuits is ignored, and the fact that it violates the dictates of this Congress as mandated by the Disability Reform Act of 1984 is ignored.

While Commissioner Bradley has recently told the Board of Directors of this Association that she "is not about the business of setting quotas", that is precisely what she is doing. And, it is clearly depriving the public of the high level of services to which it is entitled.

Only a few days after Ms. Bradley made the statement that she is "not about the business of setting quotas", she met with the Hearing Office Chief Judges and their Hearing Office Managers in Region II (covering NY, NJ, Puerto Rico and the Virgin Islands). The meeting was devoted entirely to ways to increase productivity and reach the "goal" of 35 dispositions per ALJ/ per month for this fiscal year, and 40 for FY '88. One Hearing Office Chief Judge, Judge Fredrick Harap of White Plains NY suggested that his colleagues follow what he has done in his office. Judge Harap reported that lists of the exhibits were no longer being prepared (notwithstanding the fact that the OHA handbook requires a list of exhibits which are presented to the ALJ). He also advised that the Judges in his office do no pre hearing or post hearing development of the record (notwithstanding the fact that the APA requires a Judge to develop the record both for the government and for the claimant). Another method he instituted to cut processing time and increase productivity was to refuse attorneys' requests to hold the hearing record open for additional evidence if the attorney had been representing the claimant for any length of time. Judge Harap suggested that other offices adopt his practice of refusing to answer telephone requests from attorneys concerning the status of a case. When an attorney calls the White Plains Hearing Office he is told that he or she must put the request in writing, and if no response is received within a certain period of time he or she should send another request marked second request. This writer was advised by several others present at the meeting that Judge Harap stated that the first request was thrown in the garbage since by the time the second request arrived the case would probably be disposed of. He also reported that his Judges used no medical advisors or vocational experts during the course of their hearings (again, notwithstanding directions by the Courts, Congress, and the regulations to do so). Judge Harap's policies were given tacit approval of Regional Chief Judge Leonard. One must ask the hard question "Do such cuts provide the kind of services the public is entitled to expect from SSA?" This Association answers that question with an emphatic NO!!!

In the same memorandum, Judge Leonard suggests that the "minimum of 35 dispositions per ALJ per month" can be achieved by encouraging the already depleted staff to work at the performance standard of "excellent". An examination of the memorandum demonstrates clearly the factory type approach to disability determinations at the hearing level that the Administration is espousing (see Memorandum of L. Charles Leonard and its attachment dated March 10, 1987). In the hearing office to which this Judge/writer is assigned this has resulted in the resignation of one of our supervisors (a woman who has been with government for many years, and is a highly competent individual) in order to accept employment in the private sector where the pressure will be substantially reduced and the salary substantially higher. Morale is at an all time low with employees seeking private sector jobs at an unprecdented rate.

Prior to the Regan Administration, clerical staff was assigned directly to the Administrative Law Judge who supervised the employees, and rated and evaluated their performance. This system enabled the Judge whose responsibility it was to direct the development of the case to monitor all phases of the hearing process and directly control the individual case and his or her docket. Current policy has been to remove the employee from the supervision and control of the Judge and to place it in the hands of newly created middle-management non-judicial supervisors. An extensive report prepared by Judge Charles N. Bono for the American Bar Association - National Conference of Administrative Law Judges has resulted in a letter from the Chairman of the Conference to Commissioner Hardy condeming the practice. As Judge Bono's report is an outstanding document which touches on so many of the matters concerning this committee, we annex it as an exhibit. **A favorable resolution about the report was also adopted by the ABA Conference.**

We suggest that the facts support the need for this committee to reaffirm the findings of Senators Cohen and Levin, and adopt their recommendations. SSA has never ceased its illegal practices, and now again as in previous years the guise of "productivity" is used to justify defiance of the law. The end result is that the public suffers. Many people entitled to benefits will never receive them because shortcuts, taken to make up for reduced personnel, will deprive them of the means to prove their case. Government too will suffer, as many individuals who are not entitled to benefits will be placed on the disability rolls because evidence to rebut unsupported treating physicians conclusions of disability will never be developed. All management practices concerning productivity "goals" and/or quotas must be stopped immediately in order to assure that each individual who comes in contact with the Social Security Program at any level or component be given the consideration they deserve.

This Association further suggests that the committee give due consideration to the proposal to sever the Social Security Administration from the Department of Health and Human Services, and further, to support the creation of an Independent Corps of Administrative Law Judges along the lines proposed by the bill soon to be introduced in the Senate by Senator Heflin.

Respectfully submitted on the 16th of
April, 1987 by

JOYCE KRUTICK BARLOW
Co-Chairman of the Legislative
Committee of the ASSOCIATION OF
ADMINISTRATIVE LAW JUDGES, INC.

[Exhibits with this statement have been retained in committee files--Ed.]

Indianapolis, In. 46224
March 16, 1987

The Honorable Andrew Jacobs, Jr.
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Jacobs:
As my own representative, and as head of the Social Security subcommittee, I feel you should know what is happening in a Social Security Office in your own district. I am the union representative of AFGE in the Indianapolis Westside Branch Office (2814 North High School Road), but am writing this letter to you not as union representative, but as a federal employee concerned with Social Security's service to the public.

The westside Social Security office handles claims based upon zip code. The zip codes currently serviced in our office is 46222, 46224, 46214, 46234, and 46254, and all of Hendricks county. In our office we have two persons who handle Social Security claims (Claims Representatives) planning on retiring in June. Rather than replace these retirees with new or reassigned claims representatives, the plan is to transfer zip code 46222 effective March 30 from the westside office to the downtown (located in the Minton-Capehart Federal Building) office.

On first appearances, this seems minor. However, it causes some serious problems that need to be highlighted. Since the zip code service area is being moved, this means that one of the Claims Representatives who handle Supplemental Security Income (SSI) needs to be moved from the westside office to the downtown office. This reduces the staff in the westside office (with the retirees and the transfers) down to 4 claims representatives (2 for Social Security, 2 for SSI), one data review technician (who does computer inputs and coding), two service representatives (who handle medicare, lost and stolen Social Security checks, and other post-eligibility problems on Social Security), and three clericals. The rest of the staff is the branch manager and one supervisor.

This small staff is compared to approximately a staff of 32 just two and a half years ago. We have been threatened with office closing for some time now, but the branch manager announced in a staff meeting on March 3, 1987, the office will not be closed because you are on the House Ways and Means committee. Instead, it appears the intent is to eat away at the staff until no office is left without officially closing it down.

The small staff now means that persons who used be able to take a bus directly to the front of our office will now have to spend more travel time, and transfer buses to go to the downtown office. It means that persons who were able to drive to our office and park free in front of the door will now have to go downtown, putting a further strain on the expensive parking lots around the Minton-Capehart building. It will mean that the aged and disabled from one of the poorer sections of Indianapolis (Haughville area) will have to probably walk several blocks no matter what the weather to go to the Social Security office downtown.

Since SSI redeterminations now come in the winter, this means that most of the aged and disabled who receive SSI in zip code 46222 will be transferring buses or walking some distances in the cold, snow, or other inclement conditions to go into the downtown office every year. Since many of these indigent persons cannot afford a phone, they will not be able to even utilize any increased phone service that Social Security is now emphasizing.

I have been told in the past that it takes longer to be interviewed in the downtown office than in the westside office. If this is true, then these same individuals may have a significant wait for service. As a federal employee who is concerned about the clients we service, I think this is very unfair and unjust.

I hope you can do something to help these indigent people get proper service from Social Security in your Social Security subcommittee.

Thank you.

Sincerely,

Larry Braden

BROOKDALE CENTER ON AGING of Hunter College

INSTITUTE ON LAW AND RIGHTS OF OLDER ADULTS

425 East 25th Street

New York, N.Y. 10010

(212) 481-4433

APR 1987

March 30, 1987

Joseph K. Dowley, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room #1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Dowley:

The statement below is submitted to Andy Jacobs, Jr., Chairman of the Subcommittee on Social Security, in connection with his Subcommittee's review of the intention of the Social Security Administration (SSA) to reduce staffing levels by 3,925 positions in FY 1988.

> My name is Jacob Landers. I am one of the staff attorneys employed by the Institute on Law and Rights of Older Adults of the Brookdale Center on Aging of Hunter College, New York City. For the past four and a half years. I have dealt with the District Offices of SSA in New York City on a regular basis. Therefore, I can reasonably claim to be fairly well-informed about quality of service in the District Offices.
>
> First, please understand that my comments should not be interpreted as a derogation of either the District Office personnel or of the Regional Office administrators. I have found them, as a group, to be hard-working and conscientious. Nevertheless, with the best will in the world, it has simply not been possible for them to keep abreast in timely fashion of the work to be done.
>
> For example, much of my work deals with requests for reconsideration or waiver. With adequate personnel, there is no reason why such cases cannot be processed within a month or two. In practice, they take from three months to more than fifteen months.
>
> Any one who has visited the District Offices in New York City can testify as to the large number of people invariably waiting many hours, from opening to closing, just to be heard. I can honestly say that I have never been in a District Office when there were fewer than a dozen waiting.
>
> Under these conditions, I was shocked to learn that the FY 88 Budget proposes to reduce the SSA staff by almost 4,000. Any agency as large as SSA can surely improve the delivery of services by eliminating waste and improving administration; but the mere elimination of positions will surely have no result other than increased inefficiency and delays.
>
> We approve of the service delivery assessment. Such evaluation, however, should precede any effort to cut existing staff. The present approach appears to be an effort more calculated to save money at the expense of the elderly than to improve efficiency.
>
> Two years ago, commenting on plans to close large numbers of SSA offices, Rep. Roybal stated, "It is outrageous that such a plan would not even take into consideration the fact that seniors would be forced to travel to other communities

to resolve their social security problems. It is absolutely vital to provide a local office which is staffed with someone with whom seniors can discuss their problems."

Rep. Roybal hit the nail right on the head. It is easy and painless for SSA to talk about having seniors travel about an hour. For many of the seniors in New York City, such a trip is extremely difficult, if not impossible. SSA appears to forget that seniors often find travel, especially in cities, both difficult and hazardous. When one takes into account the vagaries of the subway system and the unconscionable wait in SSA offices, SSA may be placing huge road blocks which will prevent seniors from exercising their rights.

We are strongly in favor of increasing operating efficiency and decreasing administrative expenses. But before changes are made, there must be a clear view of the unsatisfactory nature of the present situation, and the effect of change on the client population.

I should like to cite my own, personal case as indicative of the service delays in SSA District Officers and in the delivery of service generally. I am now 74 years of age. I had been receiving Social Security payments for a number of years when, in 1982, I was able to return to work. Although I worked continuously from 1982 to 1986, there was no change in my basic Social Security (SS) rate (except, of course, for the cost-of-living increases).

In June 1986, I wrote to my District Office, pointing out my additional work record, and inquiring whether I should be receiving higher SS payments. Early in September, as requested by the District Office, I presented work and salary records, as requested. Although I have telephoned or written four times since then, as of this date I have received no information with reference to my request. Delays were invariably ascribed to lack of personnel.

One of the people to whom I spoke in December stated that it always takes at least eight months to get an answer to a question like mine. The time struck me as ridiculous, and I wrote to a "Miss Sama" for confirmation. I have not received a reply. Since this is a matter of simple arithmetic calculation, I can not understand why the answer should require more than a week or two, at most. All the people to whom I spoke stated or implied that it took so long because of a lack of personnel.

I wish to note, too, that over the years, SSA has paid lip service to the concept of outreach to the potential Supplementary Security Income (SSI) population. It is estimated that, at best, no more than two-thirds of those eligible for SSI have actually enrolled. Thus, there are about 2,000,000 Americans who should be in SSI who are not. Technically, it is claimed that every District Office has an "outreach" officer. In practice, the outreach efforts of SSA have been few and fumbling.

It is strongly recommended that SSA undertake a major outreach effort to reach all SSI eligibles.

In summary, then, we make the following recommendations:

1. A study should be made of staffing needs and operational efficiency of SSA offices. Such a study should certainly precede any effort to cut staff or offices. It is our belief that most SSA offices are understaffed.

2. Such evaluations should take into account the physical and psychological needs and limitations of seniors.

3. A major outreach effort should be undertaken to reach the eligible SSI population.

Respectfully submitted,

Jacob Landers
Staff Attorney

CABLE: "UAW DETROIT"

Solidarity House
8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

UAW

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

OWEN F. BIEBER, *PRESIDENT* RAYMOND E. MAJERUS, *SECRETARY-TREASURER*

VICE-PRESIDENTS
BILL CASSTEVENS • DONALD F. EPHLIN • ODESSA KOMER • MARC STEPP • STEPHEN P. YOKICH

April 16, 1987

Andy Jacobs, Jr., Chairman
Subcommittee on Social Security
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Jacobs:

The UAW strongly opposes the Reagan Administration's on-going plan to slash employment in the Social Security Administration. We are greatly encouraged by the fact that your Subcommittee is holding hearings on this serious problem, and we commend you for your leadership on this issue.

The UAW represents over 1 million active workers and about one-half million retired workers covered under Social Security. We are convinced that the Administration's long-range plan to eliminate more than 17,000 Social Security jobs by 1990 will cause serious and lasting harm to Social Security beneficiaries and to active workers, all of whom depend upon access to Social Security offices and on the accuracy and efficiency of Social Security staff in order to protect their rightful entitlement to benefits.

The Administration's staff-cutting plans are not new and they are not isolated; they are part of a continuing reduction in force for the staffs of many government programs, especially those which are designed to meet the needs of the American people. In successive Federal Budget proposals the President has called for sharp cuts in such programs, both in programmatic ways and in staffing levels. For example, in 1983 the Department of Health and Human Services employed almost 142,000 people meeting a variety of important human needs, including those associated with Social Security, Medicare and public health programs. There are now about 128,105 people employed in HHS and the Reagan Administration wants to cut that level even further, to 114,208 by 1989. Thus, the Administration wants to cut employment by 20% over a 5-year period in the largest Department devoted to meeting the basic health and economic needs of the American people. These deep cuts in employment cannot be justified by productivity gains expected in this same period, and they amount to a serious abrogation of public responsibility for the increasing number of people who are served by these programs.

The Administration has already cut employment levels in Social Security which has resulted in substantial problems for many beneficiaries. These cuts contributed to the horrible mishandling of the Disability Insurance program beginning in 1981, when hundreds of thousands of disabled workers were routinely denied their benefits by an overworked staff responding to Administration directives to purge the rolls.

The UAW is deeply concerned that employment cuts in Social Security will jeopardize the benefits of our membership and their families, both for active workers and for retired workers. We all depend on a high level of efficiency and accuracy from Social Security Administration staff, at some time of our lives, whether it relates to getting the proper monthly cash benefit under the Old Age, Survivors and Disability

Insurance programs (now covering 37 million people), or to making sure that our earnings are properly recorded as active workers, since benefit eligibility and future benefit amounts for the 125 million people now contributing to the program depend entirely on that record.

The Administration's staffing cuts cannot be justified by productivity improvements anticipated as Social Security modernizes its computer systems. The currently-scheduled employment cuts are more than three times larger than the number of technology-related job losses predicted by the Administration itself. Thus, it is clear that the Reagan Administration's planned Social Security staffing cuts will seriously undermine the efficiency and reliability of Social Security operations. This will cause immediate, enduring, and unnecessary harm to many people. It will also help to erode public confidence in our most important and most successful social program — a task at which the program's right-wing critics have so assiduously applied themselves for years.

The UAW calls on Congress to stop this damage to Social Security and to insist that employment levels be maintained or expanded so that the program can fulfill its mission to serve the people in a responsible way.

Thank you for your attention to this important matter.

Sincerely,

William S Hoffman

William S. Hoffman, Director
UAW Social Security Department

WSH:JRC:dh
opeiu494

STATEMENT OF
FORMER CONGRESSMAN JAMES ROOSEVELT
CHAIRMAN OF THE
NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

I am James Roosevelt, Chairman of the National Committee to Preserve Social Security and Medicare, an organization of more than four million members, most of whom are dependent on Social Security as their primary source of retirement income. My testimony today is critical of the staff reductions that the Administration proposes for the Social Security Administration (SSA). If these staff reductions are implemented we would be concerned that Social Security beneficiaries would not receive from the SSA the excellent level of service for which that agency has always been acclaimed. Mr. Chairman, Members of the National Committee are happy to see that you and your colleagues are also concerned about this.

Introduction

No public agency is more important to the American public than the Social Security Administration. Individual workers and their families, who are eligible for Social Security and Medicare benefits, must apply for them at local Social Security offices. If Social Security employees give them wrong or insufficient answers to their questions, they may not receive the benefits to which they are entitled or they may have to pay back overpayments at considerable hardship. Proper issuance of Social Security account numbers, verification of earnings records, and prompt correction of any errors in posting wage credits are also essential so that today's workers receive the benefits due them when they reach retirement age.

Unfortunately, problems like these are apparently occuring every day in local Social Securty Offices around the country. We receive thousands of letters each month from Social Security beneficiaries and many of them ask us to verify, clarify or expand on information they received when they went to their local Social Security office. Others complain about overpayments and delays in receiving benefits. At the end of my statement, I have attached excerpts from some of these letters.

The only conclusion we can draw is that these problems are due to field offices being understaffed. As a consequence, the staff cannot spend the necessary time with beneficiaries to fully explain their benefits and management cuts corners on necessary training. Increased automation of local Social Security offices will help to resolve some of this overload. The General Accounting Office, however, reports that the automation of Social Security offices is behind schedule. But even automation cannot replace the claims and service representatives who directly serve the public.

The National Committee has two principal recommendations:

> First, in the short run, we oppose proposed reductions in Social Security staff because we fear that additional cuts will result in a further deterioration in service to the public. In particular, we believe that Congress should place a moratorium on staff reductions in the field and establish a ratio of clerical staff to claims representatives. This would require the Social Security Administration not only to replace staff from the field who leave, but also to insure there is adequate clerical support in the field. We do not object to justified reductions in staff in the central office or program service centers.
>
> Second, we recommend the creation of an Independent Social Security Agency. We believe that responsibility for the ill-conceived plan to reduce staff lays with the Office of Management and Budget which imposed these staff cuts on the

Social Security Administration. As the GAO reported, SSA was not able to adequately resist OMB's directives because SSA lacked long-term, stable leadership. We believe that the independent agency legislation which you have introduced, Mr. Chairman, would give SSA the needed independence and stable leadership.

Staff Cutbacks at the Social Security Administration

It is important to recognize that no improvements in training or equipment preceded the imposition of the major personnel reductions which have taken place over the past three years. The Office of Management and Budget in its 1985 Fiscal Year budget established personnel ceilings for the succeeding five years and left it to the Social Security Administration to devise ways to reach those goals without reducing the quality of service being provided. Up to now, attrition has been the primary tool to reduce staffing to those pre-set levels. As a result, reductions have frequently occurred in field offices and job categories which were not overstaffed. Serious staffing imbalances are reported, the most critical being nationwide shortages in clerical positions.

Field offices have responded to personnel reductions and increased workloads by a variety of means. Contact stations have been closed and public information services have been cut back. Claims representatives no longer go to the homes of applicants or beneficiaries who are physically unable to visit local offices. Overworked offices send claimants home, advising them to call back to make appointments before they can be served. Claimants are encouraged to use written communication or Teleservice whenever possible. These changes are taking place without assurances that the majority of claimants are being adequately served by these alternate methods of service delivery.

The justification given for staffing reductions is the Systems Modernization Plan, but that is still several years from being fully installed and operational. Computer modernization and its promise of greater accuracy and easier, quicker access to beneficiary information is to be welcomed. Yet it is essential that automated services not replace personal contact nor substitute for competent and experienced claims and service representative who know the Social Security program and are able to convey that knowledge to beneficiaries. Time management initiatives, such as measuring minutes required to respond to phone inquiries or average time spent interviewing applicants, risk the likelihood that claims and service representatives will cut corners to providing full and adequate explanations of benefits to beneficiaries. Further staff cutbacks can only increase existing pressures.

Experience of National Committee Members at Local Social Security Offices

Our members are already highlighting their concerns. Letter after letter among the thousands we receive each month indicates a total lack of understanding of how benefits are computed, when they are payable, the effect of early or delayed retirement on benefit entitlement, and how benefits are affected by post-retirement earnings. Our correspondents express anger and resentment when they receive lower benefits than expected or when confronted with demands for immediate repayment of excess benefits -- overpayments which might not have occurred if they had clearly understood the limitations of the law.

We emphasize the difficulties presented by overpayments as this seems to be an acute problem at the present time. We view this situation so seriously that we urge this Subcommittee, as part of its review of benefit issues, to recommend a study of the major causes of overpayments so that legislative or regulatory changes can be designed to alleviate the problem. Our correspondence indicates that the most difficulties are occurring in the first year of retirement, the so-called "grace year" due to application of the widely-misunderstood monthly retirement test.

Members report they cannot get through on telephone lines or, not having access to a toll-free line, are required to pay long distance charges for repeated calls and lengthy waits. We receive reports that service representatives give unclear responses to questions or that written communications cannot be understood. Our observation is that claims and service representatives generally provide correct answers to specific questions, but may not be taking sufficient time to be sure that claimants understand the explanations or even if they are asking the right questions.

Following are three typical examples:

* Widows are assured that their survivors' benefit will be greater if they wait until age 65 to file, but that is only true if the deceased spouse or the widow herself did not file for and receive early retirement benefits. Widows relying on the accuracy of answers they receive are losing up to three years of benefits.

* Public annuitants frequently believe they are ineligible for any Social Security benefit on the basis of their own work record in the private sector -- an apparent confusion between the public employee spouse offset and the windfall elimination provisions of law. Again, months or even years of benefits are at risk.

* Uninsured 65 year old spouses of younger workers, when contacting their local Social Security offices are correctly told they are ineligible for Medicare until their spouses are eligible to retire. However, they are not being told or are not understanding they will have to pay a premium penalty for life if they do not begin purchasing Medicare Part B Supplementary Medical Insurance at age 65.

These are complicated issues. Claims and service representatives must be able to recognize exceptions to general rules and advise claimants appropriately. If staffers are not adequately trained or time constraints imposed by excess workloads do not permit thorough exploration of the particulars of individual claims, beneficiaries lose benefits to which they are rightfully entitled. Importantly, these are not errors which show up on standard measures of employee productivity such as accuracy of benefit payments or the number of days required to process a claim. These are, however, the kinds of errors which, if multiplied, will undermine public confidence in the competence of Social Security employees and the integrity of the Social Security system.

New Responsibilities and Other Unsolved Problems

In a number of significant reports, the General Accounting Office has called attention to urgent problems -- some longstanding and some more recent -- which require increased rather than decreased work years. For example, in the next twelve months, issuance of Social Security numbers to children under age five will require 1,600 work years; providing Social Security numbers to newly legalized aliens will add 4,000 more work years. Eighty hours of training will be required by each Social Security employee in order to use the Systems Modernization Program. These are just new needs. Waiting for resolution are $60-$100 billion in uncredited earnings that have not been posted to wage records. To that we must add the problems now becoming evident as a result of no cross matching between W-2s furnished to wage earners and earnings reported to the Social Security Administration by the Internal Revenue Service.

Two recent communications from members reflect the latter problem. One retiring wage earner compared her wage record with her prior year tax returns and discovered they did not agree. "Too late," she was told. More than three years had passed and her wages could not be corrected.

Another self-employed worker learned that his reported earnings had not been credited at all. He had each and every tax return. His earnings remain uncredited because he was unable to produce his cancelled checks for periods up to fifteen years earlier.

This organization regularly urges workers to check their wage records, but two facts are clear. If every worker requested a verification of posted earnings, there is no way the Social Security Administration could handle the workload. Second, the U. S. Treasury, itself, destroys negotiated checks after seven years and insists that any record of a payment having been made be accepted as valid.

These are not new problems which can be laid at the doorstep of the current Commissioner nor her predecessor. The General Accounting Office has reported on the issue of unposted and inaccurate wage records. Congress is aware of the problems. What is missing is a commitment of whatever resources are required to resolve these problems, to get wages posted correctly, to cross-match with Internal Revenue Service records before they, too, are destroyed, and to do so at the earliest possible date.

Conclusion

In essence, Mr. Chairman, we are concerned that staffing reductions have been implemented prematurely, dictated by budget considerations rather than by well defined assessments of current or future workloads. We are convinced that correcting problems now, before they become more severe, will represent long-term cost savings to the Social Security system.

The most recent report of the Trustees confirms that Social Security Trust Funds are in good actuarial balance. There is no reason to skimp on administrative expenses, to cut well below the statutory one and a half percent of benefit payments, for the 1988 Fiscal Year. Funds are available and staff is available. There is probably no other action which could be taken which would more quickly restore pride and improved morale to dedicated, hardworking employees of an agency which has been whiplashed by constant change in management and direction over the past few years.

The National Committee to Preserve Social Security and Medicare strongly supports the establishment of the Social Security Administration as an independent agency. We believe that if the agency were already independent, good management would elect the course of action we are recommending.

Mr. Chairman, the Social Security Administration is not responsible for the Federal deficit. Its administrative budget deserves to be considered apart from the Federal deficit in the light of the agency's critical needs. If that is done, we believe sufficient resources will be allocated to correct long-standing wage crediting deficiencies and discrepancies, alleviate staffing imbalances in field offices, provide additional staffing where reductions and hiring freezes have left deficiencies, and assure that staffing levels allow for adequate training.

Thank you, Mr. Chairman, for this opportunity to enter into the record this statement of the concerns of the National Committee.

Excerpts From Recent Letters To National Committee:

From a disabled worker/widow:

> I've had to pay $300 back to Social Security when I first received my disability. Then $80 and now $160. They claim overpayment. I'm only getting $267 besides $100 widow's pension.

Disabled worker:

> Without exaggeration, I was completely unprepared for the rudeness, indifference, insensitivity, and prejudice which I encountered!. . .After a rediculously long wait, a young lady called my number. Not once did this S.S. employee look at me. She was cryptic, "bored stiff," and actually told me that she hated her job! Too, she very bluntly said, "Oh, you'll be turned down." My denial arrived in the mail, two days later.

From a 67 year old widow living on her own social security:

> My sister is having an awful time with social security. Her husband died three years ago. They found he collected social security when he earned too much to collect. They have withheld $2,400 of her social security. She has nothing but debts, no property. I have given her $1,700. I can't give her more. She told Social Security she'd commit suicide. They are going to have two hearings on this. Can they legally go back ten years and take her social security pension for what her husband did?

From a divorced spouse:

> Recently I applied for early retirement expecting to receive some benefits at age 62 after working for 11 years. To my surprise, I was rejected because I was lacking in credits. I asked for a print out of my earnings and found the last two years deductions had been taken from my pay but never turned in to the S.S. office. I will be forced to return to work to earn those credits.

From a disabled worker:

> Commenting on obtaining information from Social Security:
>
> It took a Congressman to get this office to let me know I had to fill out a special form to get a Summary Statement of Earnings. . .
>
> With reference to his disability claim:
>
> It took me fighting SS for four years to get disability, and it was finally granted for the exact same reason it had been denied on three prior attempts. . . Right at this time, I have my disability cut by $23 per month to pay back an overpayment. To top this off, SS disallowed three years of military service time because I don't have a copy of a discharge, but the time is totaled on a later DD 214, but SS won't accept this as proof of total military time spent.

From a public annuitant:

> I was a contributor to Social Security for approximately 20 years. I went to work for the U. S. Government and worked there for 16 years. I find I cannot collect my social security. How do I classify all the funds paid into SS for so many years - a gift to the government?

From a public annuitant:

> I will be 62 years old soon and called last week to see about my social security. The woman I spoke with does not think I will be getting anything, but she is going to check further. I had asked about this several times and was told I had enough quarters in to get social security when the time came. My pension of $247.85 a month is certainly not very large and I don't think it should have any bearing on social security.

From a retired worker:

> I semi-retired in 1983 at 62. For the year 1984 I received a letter from SS telling me that because I failed to report my earnings for 1984 I would have to pay a fine of $523 plus reimburse SS $783 in overpayments. I could understand paying back on my earnings, but where does such an outrageous fine come in? It's plain robbery.

From the spouse of a worker:

> My wife is still working and makes approximately $11,000 per year. She is 67, enjoys her work and doesn't want to quit. Recently she got a check, around $1200 and then two more checks since then at the same time I receive mine. She called Social Security and they told her to go ahead and cash these checks, the money was hers and she had it coming. What we want to know is will she have to pay any of this money back? She has never signed anything as to taking her Social Security.

From a widowed mother:

> Our son will be 16 in April. We received a letter the last of November telling us that when our son is 16, his check and my check will stop. I don't understand why? I always understood we would receive our checks until my son is 18.

From a disabled widow:

> The last time I checked to see if I was finally paid up with my overpayment, I was told I still owed $1,172.30 plus $7,000 besides. I asked how this could be? I was told it would take at least sixty days to clarify where the additional $7,000 came from. It's making me a wreck.

From a retiree of advanced age enclosing an overpayment notice for $1,200 based on SSA incorrectly refiguring her benefit entitlement as $430.60 a month instead of $287.10:

> They sent me a letter saying I would get a raise in my next check plus some back payment. I got $739 in April and $415 from then until October when I got this letter. I went to the S.S. office and was told they would hold my check up or I could pay it any way I wanted to. So I have them to take $50 a month out of each check for two years. They made this mistake so I pay for it. Why?

From a 62 year old retiree:

> I turned 62 years old last May and when I took my wage earnings to Social Security in January they told me I had been overpaid. So I have made arrangements to repay them $916. My question is, if I did not turn 62 until the middle of the year, why did they take gross income for the whole year. Maybe you can explain to me without making me feel as though I committed a crime by reaching this age in the first place.

From a retired couple:

> My wife and I did not receive our social security checks for the month of April. I reported this to the SS office and was told to wait. I called again after April 6. Then I was told to wait while they checked my file. I was told someone had entered into the computer that my estimated earnings for 1986 would be $13,000. I had completed a form showing estimated earnings NONE.. . . Is it right to delay checks for 30 or more days when an error is made by a Social Security employee.

From a worker:

> It all started in January 1985 when I requested a statement of my earnings. . .I was rather surprised to find out I died in September 1970. Since receiving this startling news, I have been in periodic communication with the Social Security office. They have succeeded in resurrecting me, however my account is still fouled up. I feel I have been more than patient in trying to get this matter corrected.

From a retiree:

> I was at the office 2-1/2 years ago. It was well located, easily found and larger than now. Persons sat in waiting room and then were called to private cubicles. This week I needed a question answered and went to find the new location. It is at the rear of several buildings. I finally had to go to Highway Patrol for directions as I found nothing directing me to Social Security. One goes in and talks to a receptionist, is given a card with number, and then sits in one of a series of rows of chairs. Immediately adjacent is a counselor who calls the number and talks to the person. There was a five-foot panel mounted, however one hears every word said. I wondered...have we done away with privacy?

From a Social Security employee:

> Yes, the District offices are overworked and clients are not treated as well as they should be. The SS Reps are trying hard to keep up with the work. . .it means hurry, hurry, hurry. Rush through the claims. If one is taking a telephone claim, he might be told to hang up and have them call back later. I really believe the District Offices are for helping people and not management putting their jobs and pluses ahead of the claimants.

From a retiree:

> On Feb. 5, 1986, I sent for a Summary Statement of Earnings and discovered that $8,242 was not listed. On Feb. 28, I filed a Request for Correction of Earnings Record. I took my W2 which showed what I paid tax on for 1980. After not hearing from SS in months, on Sept. 17 I wrote asking why. On Nov. 3, I received a request for information on some questions I had answered on the Correction of Earnings telling me they had no previous correspondence regarding the matter. I gave them the information again and up to this day (March 24, 1987) have not received any word from Social Security.

FEB 25 1987

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

2710 East Second Street
Duluth, Minnesota 55812
February 18,1987

The Honorable Andrew Jacobs, JR.
Chairman, House Ways and Means
Subcommittee on Social Security
1533 Longworth House Office Building
Washington, DC 20515

Dear Chairman Jacobs;

I am writing to you as a federal employee working for the Social Security Administration and as a council representative of Council 220 of Social Security Field Operations Locals.

There is a growing crisis within the Social Security Administration brought on by ill conceived staffing cuts. The planned 20,000 person staff cuts come at a time when first,some current complex workloads have been shifted to the district offices and second, several major initiatives are looming in the future.

The recent shift to the district offices of the more time intensive claims under the District Office Final Ajudication (DOFA) expansion means about all claims for Retirement, Survivors, and Health insurance benefits regardless of there complexity are being finally processed in the district offices. Adding to the problem, a DOFA expansion procedure has been established which doubled the number of computer output documents to the district offices requiring clerks to file twice the amount of paperwork. Many offices are currently so under staffed with clerks that clerical work is being done by the claims representatives. This takes valuable time away from processing and ajudicating claims for benefits.

New initiatives are just around the corner. The new tax reform bill requires all those claimed as dependents on income tax forms to have Social Security numbers or the tax payer will not be allowed to take a deduction for that dependent.The estimate is that nine million Social Security number applications will be filed and must be processed. The new immigration bill will add more work because previously illegal aliens who are now legal residents will desire their earnings record after possibly many years of working under two and somtimes more Social Security Numbers. Correcting earnings records is a labor intensive time consuming task.

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Shortly, the Administration will be embarking on a program to switch all of the district offices to their new computer system under the Claims modernazation project. Training staff to use the new computer means the already diminished staff will be reduced further by the loss of those who are taken out of the workflow while they are trained to use the new computer system.

Along with the staffing cuts the management of the Social Security Administration is in the process of large scale budget cuts which are jeopardizing service to the public. Already district offices around the country are closing their contact stations or reducing the time they are open to the public. This will mean the public who formerly used these contact stations which were usaully located close to their communities will either be forced into driving long distances to the district offices or making costly long distance telephone calls to conduct their business. As a consequence, this will mean increase traffic in the district offices- another hardship for the " snowed under" staff.

In the past, we Social Security employees always were proud of the integrity of the Social Security Program and the service we provided. We are even to the point of turning down community groups which request a Social Security representative to speak to their group at night because The Social Security Administration does not have the funds.

As part of my representational work for the Council I have had contact with Social Security Administration employees throughout the midwest states of Ohio, Indiana,Michigan Illinois,Wisconsin, and Minnesota. Employee morale is at the lowest level I have seen it in the thirteen years I have worked at Social Security.

I am asking you to help restore the integrity of the Social Security Administration and help us continue to provide the service the people we serve have earned. We cannot do it if our staff is cut to disastrously low levels and we cannot do it if our budget is cut severely.

Thank you for your time and your help.

Sincerely,

William A. Johnson

William A. Johnson,
Council Representative

REPRESENTING OVER 40,000 SOCIAL SECURITY EMPLOYEES ACROSS THE NATION, PUERTO RICO AND PACIFIC ISLANDS.

FORTNEY H. (PETE) STARK
9TH DISTRICT, CALIFORNIA

COMMITTEES:
WAYS AND MEANS
DISTRICT OF COLUMBIA
SELECT NARCOTICS

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

April 2, 1987

Honorable Andy Jacobs
Chairman
Subcommittee on Social Security
B-316 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed is the response that I received from the Commissioner of Social Security from my inquiry concerning the underpayment error rate for title II old-age and survivor beneficiaries.

I would like to have it included along with my press release in the record for today's hearing by your Subcommittee on staffing reductions, service delivery and management of the Social Security Administration.

Thank you.

Sincerely,

Pete

Fortney H. (Pete) Stark
Member of Congress

FHS:kc

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

DEC

DEC 12 1986

Refer to:
SEP61

Honorable Fortney H. Stark
House of Representatives
Washington, D.C. 20515

Dear Mr. Stark:

This is in response to your inquiry of November 26, 1986, concerning the underpayment error rate for title II old-age and survivor beneficiaries.

As you requested, we are sending you the latest figures we have available.

	Percentage of Underpaid Beneficiaries	Average Amount of Underpayment
FY 1983	3.2%	$32.50
FY 1984	2.8%	25.00
FY 1985	3.3%	30.25

We trust this information will be helpful to you.

Sincerely,

Dorcas R. Hardy

Dorcas R. Hardy
Commissioner
of Social Security

NEWS

congressman
PETE STARK

FOR IMMEDIATE RELEASE:
April 2, 1987

FOR MORE INFORMATION CALL:
Katie Carey or Perry Plumart
(202) 225-5065

CONGRESSMAN FORTNEY H. (PETE) STARK REPORTS OVER 1 MILLION SOCIAL SECURITY RECIPIENTS ARE SHORTCHANGED AN AVERAGE OF $30 A MONTH

WASHINGTON------Congressman Fortney H. (Pete) Stark has found that over 1 million Social Security recipients are shortchanged an average of $30 a month in their Social Security checks.

"A million of our elderly are losing the equivalent of a bag of groceries a week because of Social Security underpayments," Stark said. "Social Security checks are small enough when people get all they are supposed to, and any underpayments are a disgrace."

According to statistics from the Social Security Administration 3.3% of Social Security recipients were underpaid an average of $30.25 in FY '85. In FY '84 the underpayment was $25 for 2.8% of the recipients.

"This bad situation has great potential to turn into a disaster," said Stark. "The Social Security Administration plans on laying off thousands of employees in anticipation of implementing an untried computer system. We all know how well a new computer system works on the first try. It's usually full of glitches and gremlins."

"Regardless, Social Security should not be reducing staff levels at a time when the underpayment error rate has been rising."

The Social Security Admistration reduced its workforce last year by 4,100 individuals and expects to cut another 3,000 positions by October of this year. The computer system to replace these employees is over budget and behind schedule.

"The underpayment situation is in some ways worse than being robbed," Stark said. "At least being robbed only happens once, while the underpayments go on month after month."

COMMITTEES:
WAYS AND MEANS,
SELECT REVENUE MEASURES
SUBCOMMITTEE, CHAIRMAN
SELECT NARCOTICS
DISTRICT OF COLUMBIA

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HAYWARD 94541/TELEPHONE 415—635-1092
• LIVERMORE AIRPORT /LIVERMORE 94550/TELEPHONE 415—829-2924